Russel Metals Inc.

2000 ANNUAL REPORT

Strength

A Growing Strength in the North American Metals Distribution Industry

Russel Metals is one of the largest metals distribution and processing companies in North America based on revenues and tons sold. The Company conducts its distribution business primarily in three metals segments: service centers; energy sector pipe, tube, valves and fittings; and import/export. Russel Metals is one of the few metals distribution companies in the world to operate a significant international trading operation in conjunction with service centers.

Service Centers – Purchases metal in large volumes from producers principally in North America, adds value by providing a wide range of value added services, and then distributes the product to a broad base of approximately 15,000 end users through a network of 41 Canadian and 6 U.S. locations. Within Canada, this segment operates under the names Russel Metals, Métaux Russel, Drummond McCall, B&T Steel and McCabe Steel and in the U.S. under the names Russel Metals – Bahcall Group and Baldwin International.

Energy Sector – The five business units distribute pipe, tube, valves and fittings, chiefly to the energy sector in Western Canada and the Western United States from 5 Canadian and 4 U.S. locations. The Canadian locations operate under the names Comco Pipe and Supply Company, Fedmet Tubulars and a newly acquired operation, Triumph Tubular & Supply, while the U.S. locations operate under the names Total Distributors and Pioneer Pipe.

Import/Export – Exports North American steel products to international end users and imports foreign steel products into Canada and the United States for customers that include both steel mills and metals distribution companies. The import/export business operates from Canada as Wirth Steel and from the U.S. as the Sunbelt Group.

Russel Metals has over 1,900 metals employees with offices and operations throughout North America. The Company's head office is in Mississauga, Ontario, Canada.

Strategy for Strengthening the Company's Future

To be an aggressive, proactive, top performing metals distribution and import/export business, seeking to create value through diligent emphasis on bottom line performance and effective asset management throughout the organization.

Shareholder Information

Stock Symbols:
The Toronto Stock Exchange – RUS; RUS.PR.C

Transfer Agent and Registrar

CIBC Mellon Trust Company
P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario, Canada M5G 2W9
Answer line: Toronto (416) 643-5500
Toll free: 1-800-387-0825
E-mail: inquiries@cibcmellon.ca
Internet: www.cibcmellon.ca

The Annual Meeting of Shareholders will be held on Thursday, April 26, 2001, at 2:00 p.m. in the Sutton A Ballroom, Wyndham Bristol Place Hotel, 950 Dixon Road, Toronto, Ontario

Investor Relations:
Brian R. Hedges, Executive Vice President & CFO
Elaine G. Hillis, Assistant Secretary

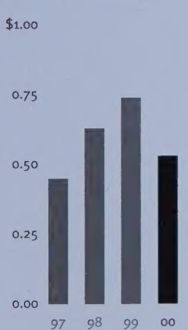
The Company's public disclosure documents as well as notices for its quarterly investor conference calls are available at the Company's website located at www.russelmetals.com.

2000 Highlights

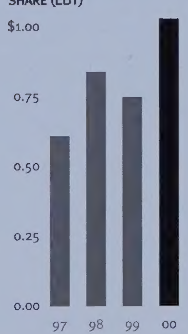
- Record EBT per share of $1.03
- Bought back 9.5 million common shares at 19% discount to book value, representing 20% reduction in common shares outstanding
- Adopted Dividend Policy of annually declaring $0.20 per common share
- 2000 return on capital employed of 13.8%
- Acquired Triumph Tubular & Supply
- Increased book value per share 22% to $5.74 as at December 31, 2000
- 2000 EBITDA/Interest coverage 3.4x
- Non-core assets reduced from $42 million in 1999 to $7 million in 2000

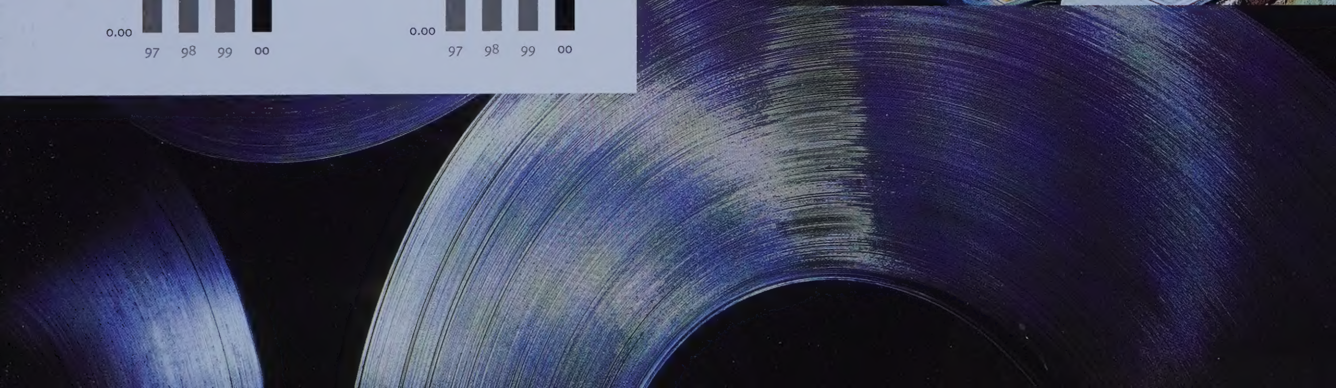
in value

Earnings per share



Pre-tax earnings per share (EBT)





Five Year Financial Highlights

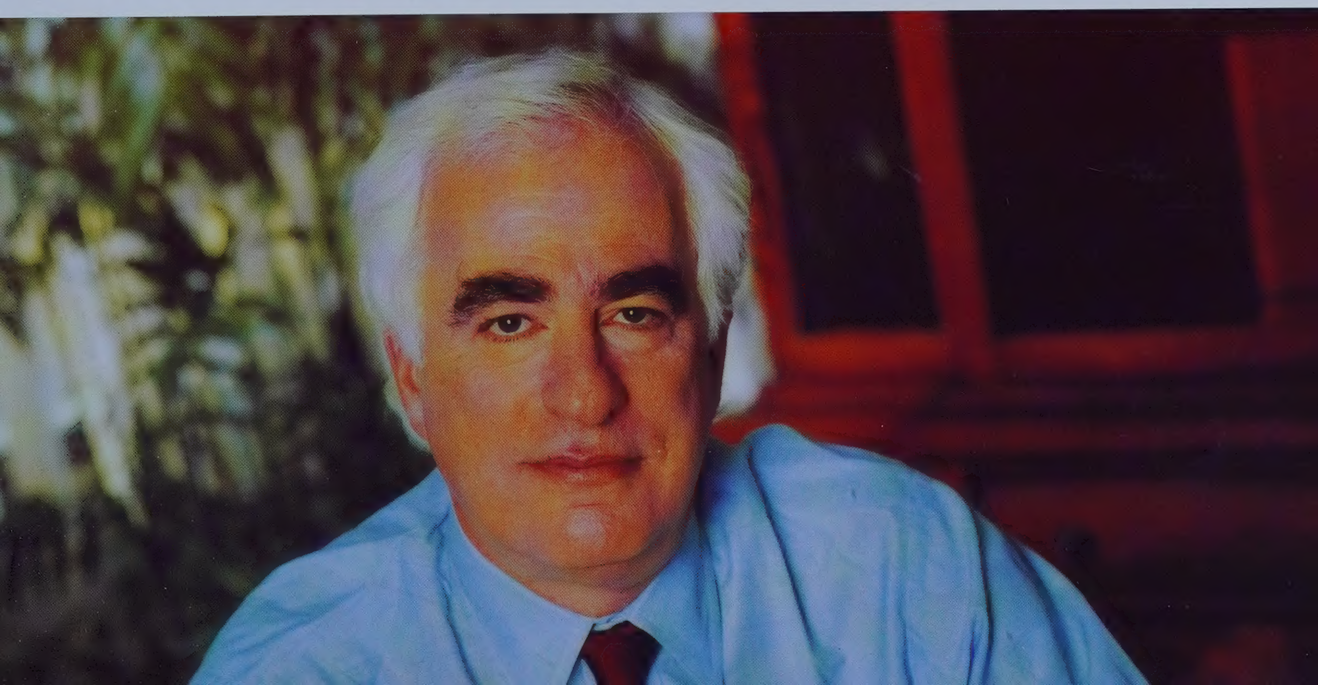
For the years ended December 31	2000	1999	1998	1997	1996
Income Statement Information ($000)					
Revenues	**$ 1,530,978**	$ 1,415,392	$ 1,784,787	$ 1,667,431	$ 1,296,719
EBITDA (Note 1)	**80,387**	72,751	87,288	70,694	38,229
EBITDA to sales %	**5.3%**	5.1%	4.9%	4.2%	2.9%
EBIT (Note 2)	**66,142**	59,220	75,595	60,162	24,466
EBIT to sales %	**4.3%**	4.2%	4.2%	3.6%	1.9%
Pre-tax earnings (Note 3)	**42,293**	36,992	42,803	30,977	(18,973)
Net earnings (loss)	**23,900**	41,856	40,133	30,586	(118,468)
Pre-tax earnings per share	**1.03**	0.75	0.84	0.61	(0.37)
Basic earnings (loss) per common share ($)	**$ 0.53**	$ 0.74	$ 0.63	$ 0.45	$ (2.42)
Balance Sheet Information ($000)					
Metals					
Accounts receivable	**$ 246,093**	$ 210,687	$ 222,105	$ 259,582	$ 181,315
Inventories	**290,991**	254,527	331,790	301,769	215,823
Prepaid expenses and other assets	**1,587**	1,821	2,032	2,168	1,561
Accounts payable and accrued liabilities	**(183,659)**	(168,546)	(173,422)	(186,629)	(159,965)
Net working capital – Metals	**355,012**	298,489	382,505	376,890	238,734
Fixed assets	**75,297**	73,402	66,265	65,829	65,140
Goodwill	**7,843**	5,066	7,201	8,105	5,854
Net assets employed in metals operations	**438,152**	376,957	455,971	450,824	309,728
Other operating assets	**25,230**	25,304	30,747	26,710	26,947
Non-core and discontinued assets and liabilities	**6,610**	41,910	40,848	57,099	131,979
Net income tax assets and liabilities	**16,013**	21,737	4,635	5,377	10,640
Deferred financing charges	**7,613**	8,249	4,595	4,294	6,262
Pension and benefit liabilities	**(9,143)**	(9,411)	3,963	4,850	4,900
Other corporate assets and liabilities	**(6,584)**	(2,232)	(4,797)	(11,248)	1,893
Total net assets employed	**$ 477,891**	$ 462,514	$ 535,962	$ 537,906	$ 492,349
Capitalization ($000)					
Bank indebtedness, net of cash	**$ 12,311**	$ (19,968)	$ 58,268	$ 80,670	$ 44,818
Long-term debt	**217,525**	210,413	233,914	245,733	259,321
Total interest bearing debt	**229,836**	190,445	292,182	326,403	304,139
Preferred shares	**30,000**	30,000	30,000	30,000	30,000
Market capitalization (Note 4)	**110,146**	182,360	178,626	224,443	165,776
Total firm value	**$ 369,982**	$ 402,805	$ 500,808	$ 580,846	$ 499,915
Other Information					
Common shareholders' equity ($000)	**$ 218,055**	$ 224,302	$ 213,780	$ 181,503	$ 158,210
Capital Expenditures ($000)	**13,020**	17,249	11,002	8,823	13,687
Depreciation ($000)	**14,245**	12,444	11,693	10,532	13,763
Adjusted interest ($000) (Note 3)	**23,849**	22,228	32,792	29,185	26,708
Earnings multiple	**5.50**	5.17	5.54	9.78	—
Firm value as a multiple of EBIT	**5.59**	6.68	6.62	9.65	20.43
Firm value as a multiple of EBITDA	**4.60**	5.54	5.74	8.22	13.08
Interest bearing debt/EBITDA	**2.86**	2.62	3.35	4.62	7.96
EBITDA/Interest (Note 3)	**3.37**	3.27	2.66	2.42	1.40
Firm value as a multiple of sales	**0.24**	0.28	0.28	0.35	0.39
Market capitalization as a % of book value	**51%**	75%	84%	124%	105%
Interest bearing debt as a % of Net Metals working capital	**65%**	64%	76%	87%	127%
Return on capital employed (EBIT/net assets employed)	**13.8%**	12.8%	13.1%	11.2%	5.0%
Return on market capitalization (Net earnings/Market cap.)	**21.7%**	23.0%	22.5%	13.6%	—
Common Share Information					
Ending outstanding common shares	**37,981,501**	47,489,547	51,035,864	51,009,864	51,007,864
Average outstanding common shares	**41,068,870**	49,573,917	51,029,103	51,008,279	51,007,864
Book value per share ($)	**$ 5.74**	$ 4.72	$ 4.19	$ 3.56	$ 3.10
Price range of stock ($)					
Market price of common shares at December 31	**$ 2.90**	$ 3.84	$ 3.50	$ 4.40	$ 3.25
High	**$ 4.95**	$ 4.40	$ 6.25	$ 5.70	$ 4.45
Low	**$ 2.75**	$ 2.50	$ 2.51	$ 2.75	$ 2.85

Notes: 1. Earnings from continuing operations before deduction of interest, taxes, special charges, depreciation and amortization.
2. Earnings from continuing operations before deduction of interest, taxes and special charges.
3. Interest from 1996–1999 includes pre-tax interest on 9% Convertible Debentures recorded as dividends.
4. Outstanding common shares times market price of a common share at December 31.

A CONVERSATION WITH EDWARD M. SIEGEL, JR.,

PRESIDENT AND CHIEF EXECUTIVE OFFICER

in leadership



What were your key priorities in 2000?

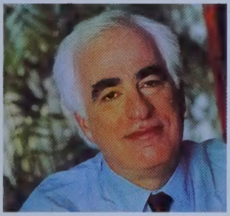
Management continued a process of consolidation and reorganization throughout 1999 and 2000 in order to strengthen the Company's balance sheet. We have made substantial progress this year by focusing on managing capital growth and effective capital utilization, capturing opportunities for improving operating profits, developing higher value added processing capabilities, expanding through a select acquisition and closing under-performing operations. Our expansion activity in 2000 included the acquisition of Triumph Tubular & Supply, which I will discuss in more detail later.

Management's success in strengthening its position in the metals distribution business is reflected in the Company's performance. Using return on net assets as a measurement criterion, Russel Metals places in the top quartile of its peers in 2000. I would characterize 2000 as a year of successfully anticipating and meeting the cycle downturn while positioning ourselves to be able to effectively grow the Company in the future.

Was Russel Metals even more profitable from operations than last year?

That's correct. As I projected last year, there was a continuing gentle upturn in the cycle in the first half of 2000 as compared to the first half of 1999, and as a result, Russel Metals was more profitable for the first half of the year compared to the same period in 1999. Over the last half of 1999 and the first half of 2000, Russel Metals earned $74.7 million before interest and taxes, producing record EBIT to sales results of 5.0%. The Company's strong performance was directly linked to a combination of factors, including strong general economic conditions in the market in which Russel Metals operates, particularly in structural steel products and the energy sector, the positive impact of various initiatives that management had previously undertaken, and the current strength of the Company's balance sheet. As anticipated, selling prices for many carbon products declined and a softening in demand was experienced in the third quarter and continued through the fourth quarter. This instability was felt most in the service center and import/export operations.

We produced a net income of $23.9 million or $0.53 per share for Russel Metals compared to $41.9 million or $0.74 per share in 1999. The adjusted earnings before income taxes strengthened in 2000 from $37.0 million to $42.3 million. Revenue increased 8% to $1.5 billion in 2000 compared to $1.4 billion in 1999. On the heels of record earnings in 1999, we performed to our expectations in 2000.



THIS MARKS OUR FOURTH CONSECUTIVE YEAR OF STRONG PRE-TAX PROFITABILITY AND 2000 WAS A RECORD YEAR BASED ON PRE-TAX EARNINGS PER SHARE.

WERE THE COMPANY'S PRE-TAX EARNINGS UP DRAMATICALLY?

Yes. This marks our fourth consecutive year of strong pre-tax profitability and 2000 was a record year based on pre-tax earnings per share. We reduced the common shares by 20% in 2000, resulting in a greater increase in pre-tax earnings per share. However, the Company experienced an increase in income tax expense as our tax assets were fully reflected on the balance sheet at January 1, 2000. The financial statements now reflect a full tax expense and earnings per share were adversely impacted. In 2000, income taxes were $20.4 million higher than the previous year, thus reducing earnings by $0.50 per share.

HOW DID THE SERVICE CENTER OPERATIONS PERFORM IN 2000?

Revenues increased by 6% to $804 million compared to 1999. The service center distribution business was quite strong in Canada through the first half of the year. It started to erode in the latter part of 2000, but earnings for the year were similar to last year. The unprofitable performance of the Bahcall Group and Copco Steel in the United States had a significant negative impact on the overall service center earnings. The Copco Steel operation in the United States was closed in July 2000.

The selling price for many carbon products peaked in the second quarter of 2000. The prices of our two major product lines, plate and wide flange beam, began to deteriorate in May and June 2000 due to over-capacity generated by a substantial increase in North American production. By keeping focused on our material management and asset allocation, we continued to be more profitable on those product lines than many of our competitors. In this sector, having the foresight and willingness to plan for a downturn in the cycle is critical to successfully managing inventory, which we feel is essential to the maximization of earnings over the cycle in the metals distribution business.

Did Russel Metals benefit from the surge in the oil and gas sector?

Yes, prices not only held for oil and gas related tubular goods, they actually increased during the year thanks to the pickup of oil and gas drilling activities in the West due to strong commodity pricing. Our results in the energy sector were at a near record-setting level for the year. The addition of Triumph Tubular & Supply further strengthened our presence in this sector. Unfortunately, the weak performance of one of our operations, Total Distributors, which is headquartered in Tulsa, Oklahoma and specializes in supplying product to the oil and gas refinery industry, muted otherwise excellent results in this sector. Down-hole oil country tubular product sales were good through the first quarter, experienced the normal seasonal slowdown in the second and third quarter and picked up in the fourth quarter. The line pipe business in North America was robust throughout 2000 and our Pioneer Pipe operations headquartered in Denver experienced a strong turnaround in results compared with 1999.

Energy sector operating profits increased by over 100% to $15.3 million compared to $7.4 million in 1999.

Did the Company's import/export operation have a strong year?

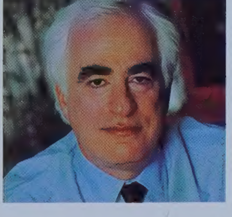
It was an excellent year for our import/export operation, just below our record 1998 level. Our operating profits improved by 13% to $20.1 million compared with $17.8 million in 1999. Revenues increased slightly to $385.4 million due to a change in product mix for the Canadian operation. Integral to this strong showing was a temporary shortage of wide flange beams, which began during the second half of 1999 and continued through the first half of 2000.

In today's world, the cycle time of the steel markets is much faster than historical precedent. This is due in part to a general speeding up of the transfer of information around the world and the pricing philosophy of the mini-mills. Our import/export business provides us with front row seats to the world stage, giving us additional insight in forecasting international pricing and material movement trends, and their potential impact on our domestic market in North America. I strongly believe we utilize this knowledge on ferrous products better than any other service center operation in North America.

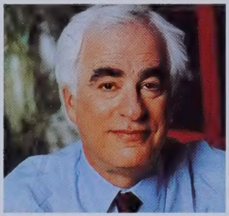
WHY DID RUSSEL METALS MAKE AN ACQUISITION IN 2000?

We are always on the lookout for well-managed businesses that we can purchase at a price where they can be profitable immediately and through the course of a cycle. It has been challenging over the last four years to be patient and to carefully build up the balance sheet foundation for Russel Metals' future growth. Over the last few years in the metals sector there have been numerous excellent companies sold, but the acquisitions were often made to execute a capital markets strategy rather than for sound business reasons. Management elected not to execute acquisitions simply to grow revenue. Thanks to our patience and the goal of running this business as if we were using our own money, we found ourselves in a position in 2000 to make a strategic acquisition based solely on sound business principles.

Triumph Tubular & Supply was added to the Company's energy group in September 2000. It is an oil country tubular goods distributor located in Calgary, Alberta, with annual sales of over $80 million. We consider ourselves to be a value investor, and Triumph presented us with an opportunity that would be immediately profitable, and like our Fedmet Tubulars operation has a proven track record of consistent profitability in the oil and gas sector at all points in the energy cycle. Triumph enhances our existing sales and marketing capabilities, and I have no doubt that we now have the strongest distribution organization in this growth industry within Canada.



ENERGY SECTOR OPERATING PROFITS INCREASED BY OVER 100% TO $15.3 MILLION.



WE ARE PASSIONATE ABOUT STRENGTHENING THE COMPANY'S BALANCE SHEET

WHY DID THE COMPANY INITIATE AN AGGRESSIVE SHARE BUYBACK?

We are passionate about strengthening the Company's balance sheet, and have been since the new management was put in place in 1997. Our strong cash generation positioned the Company to aggressively pursue a policy of buying back shares. The common shares outstanding have been reduced from 51.0 million to 38.0 million over the last two years, which represents a 26% reduction. In March 2000, a successful dutch auction style substantial issuer bid led to the purchase of 7.1 million shares and a further 5.9 million shares were purchased under normal course issuer bids during 1999 and 2000. The total cost of the share buybacks was $52.0 million. At December 31, 2000, there were 37,981,501 common shares outstanding.

By buying back our shares at a discount to book value, we add substantial value for our shareholders. Gains realized on share repurchases at less than book value had the effect of increasing the book value per share by 5% or $0.26 per share, which is in effect an additional dividend to existing shareholders.

In response to the fact that over 99% of the Company's shares are traded on the Toronto Stock Exchange, the Company delisted its common shares from NASDAQ in the third quarter.

DID YOU ADD TO YOUR SHARE POSITION IN 2000?

Since I became the President and CEO of Russel Metals, I have invested approximately 25% of my total after tax compensation into common shares of Russel Metals. My confidence in the Company's future continues unabated, as reflected by my overall holdings, which increased by 136,865 common shares, from 276,800 shares at December 31, 1999 to 413,665 shares at December 31, 2000. This represents a 49% increase in my holdings during 2000. My personal commitment to increasing my holdings in Russel Metals and the Company's aggressive share buyback policy is a reflection of how I think the stock is valued. Brian Hedges, our Chief Financial Officer, also doubled his personal share holdings in 2000.

Is return on capital an important measure?

Yes. When measured not only against other metals distribution companies, but other companies in the industrial sector, Russel Metals' return on capital for 2000 of 13.8% places the Company near the peak for industrial companies and at the top for metals distribution companies. By emphasizing this measurement to benchmark the Company against other industrial companies, we will further improve the use of the Company's assets to achieve a good return for our shareholders.

How else have you strengthened the Company in 2000?

The Company's various non-core assets unrelated to the metal operations were substantially reduced generating free cash. The non-core assets dropped from $41.9 million in 1999 to $6.6 million in 2000.

Did the Company adopt a Dividend Policy?

Yes. The policy is to pay an annual dividend of 20 cents per common share payable quarterly. This is the first year since 1992 that common share dividends have been paid. The share dividends are an important part of our return on a shareholder's investment and the Company will endeavour to pay a common share dividend at all points of the economic cycle.

Is the Company developing an e-commerce solution?

I believe the original euphoria of e-commerce has worn off and that a business such as ours should be looking at a more pragmatic solution before spending enormous sums of money without clearly defined quantifiable returns. Our service center customers generally have unique requirements, such as a small average order size of less than $2,000. We have utilized the services of third party consultants to provide a strategic analysis of possible business-to-business e-commerce solutions and applications. This process will help us determine the tools necessary to better service our customers quickly and more efficiently in as seamless a manner as possible.

Why were your service center inventories down compared to the industry in 2000?

We consistently maintained a tight control over our working capital and inventory management is one of our strengths and is critical to success in the distribution business. Another one of our strengths that contributes to the success of our inventory control is the diversity of our business portfolio. For example, the rise in inventory in the early part of the year was not motivated by aggressive purchasing to beat price increases, as was the case for most of our competitors; rather it was a function of increases made in the Company's energy distribution and import/export business segments in response to increased customer requirements. The service center component of our inventory is down $13.1 million from last year to $128.6 million. By successfully anticipating the cycle and having these various businesses, we are well positioned to achieve better margins in 2001 than those competitors who have not prudently and consistently managed their inventory levels.

What are your expectations for 2001?

While our service center operations in the U.S. did not live up to expectations during 2000, we anticipate there will be a turnaround in that business in 2001. We envision that the strength of our energy sector business will continue at least through the first quarter of 2001 due to the continuing pickup of oil and gas drilling activities in the West. Our import/export businesses and Canadian service centers will suffer in the first half of 2001, but we anticipate a pickup in the second half, assuming steel price increases occur and interest rates continue to go down.

Overall, the Company expects the results for the first half of 2001, to be similar to the second half of 2000; however, I envision the second half of 2001 will be stronger than the first half.

These predictions are based on my expectations that there will be no further inordinate changes in trade patterns through governmental intervention in both Canada and the United States. As I mentioned last year, we have seen a pattern where some North American producers feel that their respective governments have an obligation to ensure that they remain operational through protectionist trade practices. To date, metals distribution companies have not been afforded the same luxury.

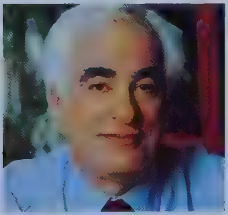
As well, interest rates in North America will have an impact on our business in 2001. If they go up, that certainly will shrink capital growth. If they go down, hopefully that will free up money for future capital expansion, as the rate of interest directly affects the liquidity of our customers and our suppliers. The higher the rates, the less growth we will see in the economy. Hopefully the U.S. Federal Reserve and the Canadian Central Bank will continue to lower interest rates which will in turn stimulate the overall business environment. As we speak, the U.S. Federal Reserve and the Canadian Central Bank have already lowered the respective prime rates and we anticipate further reductions in the near future.

Another concern is the availability of capital to support growth in the sectors that consume metal. We have noticed that money lenders have either tightened or curtailed their lending practices and this has negatively impacted many of our customers. Hopefully, liquidity will return to our customer base during 2001.

We will continue, as we have done for the last four years, to strengthen the balance sheet and to focus on improving profitability. All the fundamentals are in place to ensure that Russel Metals has the opportunity to build on the experience and focus of its people. There is no question, we have built a solid foundation of earnings for the Company and are well-positioned to meet the cycle challenges of 2001.

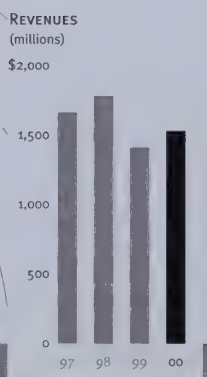
Is Russel a good investment?

You just have to look at the book value of this Company, which is $5.74 a share. Yet the stock is trading around $3.00 a share. The Company is presently trading at a P/E of less than 6 and pays a dividend with a yield of 6.7%. It's hard to find better value than that. We have a strong balance sheet and one of the most diverse metals portfolios of any company in metals distribution in North America.

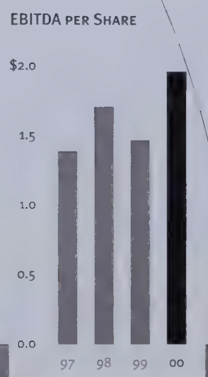


I expect the second half of 2001 will be stronger than the first half.

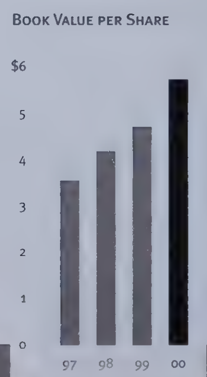
2000 was a year of successfully anticipating and meeting the cycle downturn, and in addition strengthening the Company's balance sheet.



Revenue increased 8% to $1.5 billion in 2000.



Earnings from operations remain strong.



Increased book value per share 22% to $5.74.

THE COMPANY CONDUCTS ITS DISTRIBUTION BUSINESS PRIMARILY IN THREE METALS SEGMENTS.

in operations

A Strong Network of North American Service Centers – Russel Metals provides processing and distribution services to a broad base of approximately 15,000 end users in a wide variety of industries, including machinery and equipment manufacturing, construction, shipbuilding and natural resources, such as mining and petroleum, through a network of 41 Canadian and 6 U.S. locations.

The Company's network of service centers carries a full line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. Russel Metals purchases these products primarily from producers in North America and packages them for end users who typically require products in quantities that are smaller than the economic minimum order available from producers.

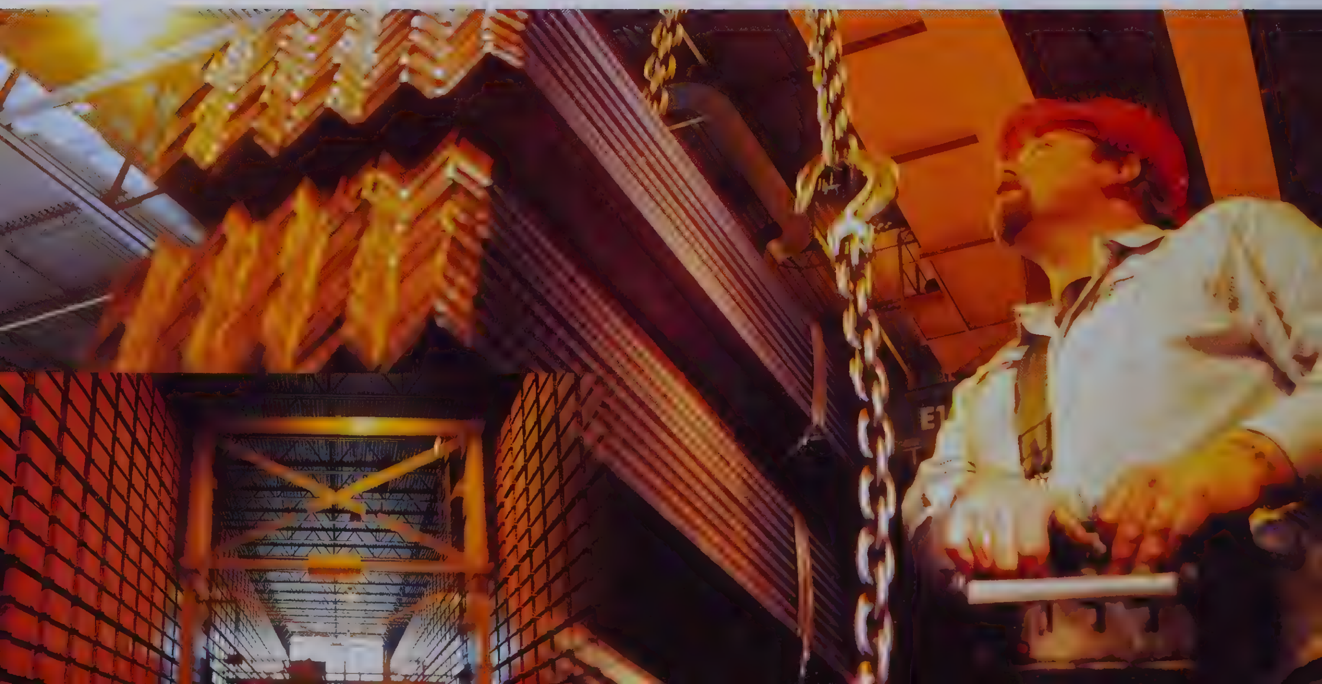
Russel Metals service center operations provide specialized processing services to satisfy specifications established by end users. By providing these services, as well as by offering inventory management and just-in-time delivery, Russel Metals enables end users to reduce their overall production costs and decrease capital required for raw materials and metals processing equipment.

Canadian Operations – Russel Metals operates one of the two largest service center operations in Canada based on revenue and tons sold. Russel Metals' Canadian service centers sell plate, flat rolled carbon and general line steel products, as well as some stainless steel, aluminum and other non-ferrous specialty metal products.

Within Canada, the service centers operate under the names Russel Metals, Métaux Russel and Drummond McCall. Heavy gauge flat rolled operations are conducted by B&T Steel and McCabe, both located in Hamilton, Ontario.

U.S. Operations – Russel Metals' U.S. service centers sell primarily general line carbon steel products. General line steel products consist of plate, structurals, bars, sheet, pipe, tubing and hollow structural steel tubing.

Russel Metals' U.S. service center operations are conducted under the Russel Metals – Bahcall Group and Baldwin International names. The Bahcall Group focuses primarily on the distribution of general line carbon products through facilities in Wisconsin and Minnesota. Baldwin International distributes specialty alloy products through facilities in Ohio and Michigan.



2000 Strengths

- One of the largest Canadian players with over 15,000 customers
- Full line of ferrous and non-ferrous products including plate, bars, tubes, structurals and flat rolled
- Strong asset utilization
- Centralized purchasing and decentralized operations
- International presence
- Value added processing based on end user requirements

service centers

Strong Distribution Network for the Energy Sector – The Company's energy sector distribution operations carry a more specialized and limited product line than the service centers. This operation distributes pipe, tube, valves and fittings primarily to the energy sector, from 5 Canadian and 4 U.S. locations. These products are originally purchased from either the pipe processing arms of North American steel mills or from independent manufacturers of pipe and its accessories.

Each business in this segment sells a distinct line of products. These businesses include:

Fedmet Tubulars – A distributor of oil country tubular goods (OCTG) (which includes casing and tubing) and line pipe and related products. Fedmet Tubulars' sales office is located in Calgary, Alberta.

Comco Pipe and Supply Company – A distributor of pipe, valve and fitting products. Comco Pipe and Supply specializes in the supply and distribution of pipe and fluid handling products to the energy, construction, manufacturing, pulp and paper and mining industries. These products are distributed through facilities in Calgary and Edmonton, Alberta; Stonewall, Manitoba; and Guelph and Sarnia, Ontario.

Total Distributors – A distributor and processor of specialty steel tubing for use in the petrochemical and heat exchanger industries. Total Distributors stocks domestic and imported tubing in carbon, alloy and stainless steel. End users of these products include oil and gas refineries and petrochemical, dairy and fertilizer companies. Facilities are located in Tulsa, Oklahoma and Houston, Texas.

Pioneer Pipe – A distributor and processor of steel pipe products to the construction, oil and gas and ski industries in the Western United States. Pioneer Pipe has facilities in Aurora, Colorado and Lindon, Utah.

Triumph Tubular & Supply – This newest addition to the Company's energy group is an established oil country tubular goods distributor. Triumph's sales office is located in Calgary, Alberta.

2000 Strengths

- Clear product focus – comprehensive stocks of pipe, tube, valves and fittings for the energy sector
- Strong entrepreneurial culture
- Diversity within the energy sector
- Operations throughout North America

energy

2000 Strengths

- Synergy with service center business
- Products include flat rolled, plate, structurals, bars and other steel products
- Pure working capital business
- No annual operating loss, ever
- Entrepreneurial culture

A Strong North American Import/Export Operation – Russel Metals' Import/Export operations, through Wirth Steel located in Canada and the Sunbelt Group located in the U.S., primarily import foreign steel products into Canada and the United States. This operation also provides the Company's other business segments with valuable insight regarding international pricing trends and their potential impact in North America.

Revenues from these operations may vary substantially from year to year, depending primarily on general economic conditions both in North America and in the export markets served by these operations.

Specializing in Imports into North America – The Company specializes in the import into North America of carbon steel, plate, beams, channel, flat rolled products, rail and pipe products. Sales commitments for a significant portion of these products are generally obtained prior to their purchase or while the product is in transit. Products for which sales commitments have not been obtained are held in public warehouses for sale to North American service centers and other customers.

import/export

Management's Discussion and Analysis

For the Year Ended December 31, 2000

in numbers

Brian R. Hedges

Executive Vice President and Chief Financial Officer

Management's Discussion and Analysis

for the Year Ended December 31, 2000

The following management's discussion and analysis of financial condition and results of operations of Russel Metals Inc. and its subsidiaries (Russel Metals or the Company) provides information to assist the reader and should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2000 including the notes thereto. Statements contained in this document that relate to Russel Metals' beliefs or expectations as to certain future events are not statements of historical fact and are forward-looking statements. Russel Metals cautions readers that there are important factors, risks and uncertainties, including but not limited to economic, competitive and governmental factors affecting Russel Metals' operations, markets, products, services and prices that could cause the Company's actual results, performance or achievements to be materially different from those forecasted or anticipated by Russel Metals in such forward-looking statements. All dollar references in this report are in Canadian dollars unless otherwise stated.

Overview – Russel Metals is one of the largest metal distribution companies in North America based on revenues and tons sold. The Company conducts business primarily in three metals distribution business segments: service centers; energy sector related pipe, tube and valve products; and steel import/export.

Russel Metals operates one of the two largest metal service center operations in Canada based on revenues and tons sold. The Company provides processing and distribution services to a broad base of approximately 15,000 end users through a network of 41 Canadian and six U.S. locations. The Company's network of service centers carries a full line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. Russel Metals purchases these products primarily from steel producers in North America and packages them in accordance with end user specifications. The Company services all major geographic regions of Canada and selected regions in the United States. Within Canada, the service centers operate under Russel Metals, Métaux Russel and Drummond McCall. Heavy gauge flat rolled operations are conducted by B&T Steel and McCabe Steel, both located in Hamilton, Ontario. Russel Metals' U.S. service center operations are conducted under Russel Metals – Bahcall Group and Baldwin International. The Bahcall Group focuses primarily on the distribution of general line carbon products through facilities in Wisconsin and Minnesota. Baldwin International distributes specialty alloy products through facilities in Ohio and Michigan.

The Company's energy sector distribution operations carry a narrow specialized product line. These operations distribute pipe, tubular products and valves, primarily to the energy sector in Western Canada and the Western United States, from five Canadian and four U.S. locations. Russel Metals purchases these products either from the pipe processing arms of North American steel mills or from independent manufacturers of pipe and its accessories. Effective September 1, 2000, the Company acquired Triumph Tubular & Supply Ltd., a distributor of oil country tubular goods located in Calgary, Alberta for $4.5 million in cash and assumed bank debt of $5.3 million. The vendors are entitled to additional amounts over a five year period based on returns. Based on results for the four months ended December 31, 2000, $509,000 was earned during this period and recorded as additional goodwill at December 31, 2000.

Russel Metals' steel import/export business imports foreign steel products into Canada and the United States. It also provides the Company's other business segments with valuable insight regarding international pricing trends and their potential impact in North America.

All three of the metals business segments in which Russel Metals operates are significantly affected by economic cycles and accordingly Russel Metals' revenues and profit margins fluctuate with the level of general business activity in the markets it serves. Russel Metals' Canadian steel service centers, which represent a large portion of its operations, are particularly affected by general economic conditions in Ontario and Quebec, and by pulp and paper, agriculture and resource sector activities in Western Canada, where demand for steel by the construction and capital goods sectors fluctuates considerably during the economic cycle.

Revenues are also affected by steel prices. Steel prices are influenced by overall demand and by product availability. Product availability is affected significantly by the supply side management practised by steel producers in North America and international supply and demand which impacts steel exports and imports. The market for certain of Russel Metals' products is such that selling prices and therefore profit margins fluctuate widely with steel prices. Prices for steel imported into North America by Russel Metals' steel import operations are influenced by trade sanctions imposed by the countries into which it imports steel and domestic supply side policies. In order to position itself to react to pricing and supply changes in the market and to minimize holding losses and gains, Russel Metals monitors its inventory levels and endeavours to achieve above average inventory turns measured against the industry turns as derived from the monthly Business Conditions Report published for the United States by the Steel Service Center Institute.

Results of Operations – The following table provides a summary of revenues, gross margins (revenue minus cost of sales) as a percentage of revenues and operating profits (revenue minus cost of sales and operating expenses excluding corporate expenses and interest expense) for Russel Metals' operating segments. The table shows the segments as they are reported to management and they are consistent with the segmented reporting in Note 13 to the 2000 Consolidated Financial Statements.

(in thousands of dollars, except percentages)	2000	1999	1998	2000 Change as a % of 1999	1999 Change as a % of 1998
Segment Revenues					
Service center distribution	$ 804,043	$ 760,568	$ 875,229	5.7%	(13.1%)
Energy sector distribution	331,383	274,519	353,424	20.7%	(22.3%)
Steel import/export	385,355	369,285	556,134	4.4%	(33.6%)
Other	10,197	11,020	—	(7.5%)	—
	$ 1,530,978	$ 1,415,392	$ 1,784,787	8.2%	(20.7%)
Segment Operating Profits					
Service center distribution	$ 36,064	$ 39,501	$ 45,929	(8.7%)	(14.0%)
Energy sector distribution	15,317	7,362	16,401	108.1%	(55.1%)
Steel import/export	20,126	17,811	22,601	13.0%	(21.2%)
Other income	2,876	3,513	—	(18.1%)	—
Corporate expenses	(8,241)	(8,967)	(9,336)	8.1%	4.0%
Earnings before interest and taxes	66,142	59,220	75,595	11.7%	(21.7%)
Total adjusted interest (see Interest)	23,849	22,228	32,792	(7.3%)	32.2%
Adjusted earnings before income taxes	$ 42,293	$ 36,992	$ 42,803	14.3%	(13.6%)
Segment Gross Margins as a % of Revenues					
Service center distribution	24.3%	25.2%	23.1%		
Energy sector distribution	14.2%	12.9%	14.3%		
Steel import/export	9.8%	10.1%	7.4%		
Total	18.8%	19.2%	16.4%		
Segment Operating Profits as a % of Revenues					
Service center distribution	4.5%	5.2%	5.2%		
Energy sector distribution	4.6%	2.7%	4.6%		
Steel import/export	5.2%	4.8%	4.1%		
Earnings before interest and taxes	4.3%	4.2%	4.2%		

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Service Center Distribution – Service center operating profits decreased by $3.4 million, or 9%, in 2000 compared to 1999. Service center revenues increased by $43.5 million, or 6%, in 2000 compared to 1999, primarily related to increased selling prices. Selling price per ton for 2000 increased compared to the selling price for 1999; however, the average cost increased more than the selling price in 2000 compared to 1999 resulting in a gross margin percent decline from 25% for 1999 to 24% for 2000. Operating expense dollars increased $7.6 million in 2000 compared to 1999; however, they remained constant as a percentage of revenues at approximately 20%. Operating profits as a percentage of revenues for 2000 were 4.5% compared to 5.2% in 1999 due to lower gross margins.

The unprofitable performance of Bahcall and Copco in the United States had a significant impact on already soft Canadian service center results. The Copco operation was closed in July 2000.

The Company's volumes in 2000 were stronger than 1999 for the first half of the year. The third quarter of 2000 was comparable to 1999 and the fourth quarter showed a significant decline in all regions resulting in total volumes for the 2000 year below those of 1999. Volume declines in Atlantic, Quebec and Ontario regions and the United States were offset by increases in Western Canada. The selling price per ton has continued to hold in 2000; however, recent price cuts by the mills in most carbon products are resulting in lower selling prices. Excess inventory positions at both the mills and our competitors are anticipated to affect market pricing in the first half of 2001.

Energy Sector Distribution – Energy sector operating profits improved $8.0 million in 2000 compared to 1999. Energy sector revenues increased by $56.9 million, or 21%, in 2000 compared to 1999. The improved oil prices have resulted in continued stronger year over year activity in the oil country tubular operations. The acquisition of Triumph Tubular & Supply Ltd. effective September 1, 2000 accounts for a portion of the volume and the operating profit increase. Our oil country tubular operations in Western Canada and Western United States both have had significant volume and operating profit increases compared to 1999. Our U.S. operations serving the petrochemical and the heat exchanger industries reported significant losses due to lower volumes and margins caused by competitive pressure and weak markets.

Operating profits in the energy sector as a percentage of revenues improved from 2.7% for 1999 to 4.6% for 2000 due to improved margins and lower expenses as a percentage of revenues in 2000. Winter drilling activity was strong in both the first and the fourth quarter of 2000, and based on current oil and gas pricing we expect continued strong results through the first quarter of 2001.

Steel Import/Export – The steel import/export operating profits increased by $2.3 million, or 13%, in 2000 compared to 1999. Revenues increased by $16.1 million, or 4%. The results have been positively impacted by a temporary shortage of wide flange beams which started during the second half of 1999 and abated during the second quarter of 2000. The oversupply of carbon products in North America has reduced volumes and margins in the second half of 2000. The Company anticipates this softness to continue through the first half of 2001 and has reduced purchasing activity accordingly.

Operating profits as a percent of revenues improved from 4.8% in 1999 to 5.2% in 2000 lead by the strong margins experienced in the first half of 2000.

Consolidated Results – Earnings before interest and income taxes increased by $6.9 million to $66.1 million for 2000, an increase of 12% compared to 1999, primarily due to higher volumes and margins in the energy sector and import/export operations. Consolidated revenues increased by 8%, to $1,531.0 million, in 2000 compared to 1999 due to a combination of higher volumes and selling prices.

Consolidated adjusted interest expense increased $1.6 million to $23.8 million in 2000 compared to 1999. This increase is due to higher borrowing levels and higher short-term interest rates in 2000 compared to 1999. The Company's common share purchases in 2000 used $39.4 million of cash, which would have otherwise been available to reduce borrowings. The common shares purchased during the last two years total $51.9 million.

Income taxes for 2000 were $18.4 million compared to a recovery of $2.0 million for 1999. This increase relates to recording of a full tax expense on Canadian earnings in 2000 (see Income Taxes). Also, an additional tax expense of $0.4 million was recorded in 2000 for a rate adjustment to the Canadian tax benefits caused by Federal budget decreases in corporate income tax rates. In 1999, the Company recorded a recovery of $4.5 million related to current timing differences in Canadian operations. The increased tax expense is predominately a utilization of balance sheet tax assets and did not result in a significant cash outflow. It is projected that the 2001 effective income tax rate will be approximately 41.6% based on the Company's assumptions related to the proposed income tax rates and the tax jurisdiction mix.

Basic earnings per share for 2000 was $0.53 compared to $0.74 for 1999. The decrease is primarily a result of the higher tax expense. A lower weighted average number of shares outstanding reduced the impact of the higher income tax expense.

The weighted average number of common shares outstanding for 2000 was 41,068,870 compared to 49,573,917 for 1999. The reduction relates to common shares purchased under a substantial issuer bid in March 2000 and under normal course issuer bids during 1999 and 2000. At December 31, 2000, 37,981,501 common shares were outstanding.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Service Center Distribution – Service center operating profits decreased by $6.4 million, or 14%, in 1999 compared to 1998. Service center revenues decreased by $114.7 million, or 13%, in 1999 compared to 1998, mainly related to a decline in selling prices. Selling price per ton for 1999 was down in all Canadian and U.S. service centers. Volume declines in Western Canadian service centers mainly related to the agricultural sector were offset by increased volume in Quebec and Atlantic regions. The remaining regions had sales volumes in 1999 comparable to 1998. The gross margin percent increased to 25.2% from 23.1% mainly related to a lower average purchase price of materials and to product mix. Operating expense dollars declined 3% in 1999 compared to 1998; however, they increased as a percentage of revenues. Operating profits as a percentage of revenues for 1999 remain unchanged compared to 1998.

Energy Sector Distribution – Energy sector distribution operating profits declined $9.0 million, or 55%, in 1999 compared to 1998. Energy sector distribution revenues decreased by $78.9 million, or 22%, in 1999 compared to 1998. An early spring thaw negatively impacted drilling activity in an already depressed energy sector in Western Canada and Western United States during the first quarter. Although oil prices improved in the second quarter, demand did not improve until the fourth quarter due to lack of drilling activity in Canada during the summer period and excess inventories in the U.S. The improved oil prices resulted in a strong fourth quarter for Western Canadian operations. With this pickup the volumes in Canada for the 1999 year exceeded those for the 1998 year; however, selling price per ton for 1999 remained below 1998 levels. The excess inventories in the U.S. oil country operations are currently working their way through the systems, thus the U.S. operations experienced both lower volumes and lower selling prices in 1999 compared to 1998.

Gross margins dropped from 14% in 1998 to 13% in 1999. Although operating expenses were reduced by 17% in 1999 compared to 1998, the lower revenues and lower gross margins resulted in the decline in operating profits. The increased oil price generated additional drilling activity during the fourth quarter of 1999.

Steel Import/Export – The steel import/export operating profits decreased by $4.8 million, or 21%, in 1999 compared to 1998. Revenues decreased by $186.8 million, or 34%, primarily as a result of decreased sales volume in both the Canadian and U.S. operations. The lower sales volume is a result of management's determination in the third quarter of 1998 to effect a reduction of offshore steel purchases due to oversupply in North America and uncertainty of pricing, which continued throughout the first half of 1999, and the restructuring of the Houston operations into one business. The results have been negatively impacted by excess inventories of plate; however, they have been positively impacted in the second half of 1999 by a temporary shortage of wide flange beams. The increase in gross margin percent relates to a change in product mix and the lower margins experienced in the restructured operations in 1998.

Consolidated Results – Earnings before interest and taxes decreased by $16.4 million to $59.2 million in 1999, a decrease of 22% compared to 1998, primarily due to a combination of lower volumes and selling prices in the three business segments. The most significant declines are in energy and steel import/export. Consolidated revenues decreased by 21% to $1,415.4 million in 1999 compared to 1998 due to declines in all metals segments.

During the second quarter of 1999, the Company completed the issue of 10% Senior Notes and the redemption of the 10.25% Senior Notes, due June 2000, and the 9% Convertible Debentures, due October 31, 1999. The redemption of the debt prior to maturity resulted in a one-time charge of $1.1 million related to the original issue costs, foreign exchange losses and duplicate interest expense.

Consolidated interest expense, including the pre-tax interest on the 9% Convertible Debentures recorded as a dividend distribution, decreased $10.6 million to $22.2 million in 1999 compared to 1998. This decrease was due to a significant reduction in short-term bank borrowings caused by an $85.3 million reduction in working capital since December 31, 1998. The lower inventory and accounts receivable balances are at levels appropriate to the current sales volumes. Also, interest on long-term debt was lower due to the $41 million in debt redemptions made during 1998 and the decrease in long-term debt of $14.1 million in 1999.

Basic earnings per share for 1999 was $0.74 per share compared to $0.63 per share for 1998. The significant reduction in interest costs has offset the decline in earnings before interest and taxes. Also, income taxes are lower due to a larger portion of the earnings before taxes in 1999 being generated by Canadian operations. Current timing differences related to Canadian operations of $4.5 million were recorded as deferred income taxes.

The weighted average number of common shares outstanding for 1999 was 49,573,917 compared to 51,029,103 for 1998. The reduction relates to common shares purchased under the normal course issuer bid. At year end, 47,489,547 common shares were outstanding.

Interest Expense – The following table shows the components of interest expense, including for 1999 and 1998 the portion allocated to discontinued operations and the amount of the 9% Convertible Debenture interest allocated as a dividend distribution.

Interest

(in thousands of dollars)	2000	1999	1998
Long-term debt interest	**$ 21,533**	$ 19,077	$ 19,591
Short-term debt interest	**2,316**	2,215	10,274
Total interest	**23,849**	21,292	29,865
Interest allocated to discontinued operations	**—**	(1,949)	(2,736)
Interest paid on 9% Convertible Debentures included in dividend distribution	**—**	2,885	5,663
Total adjusted interest	**$ 23,849**	$ 22,228	$ 32,792

The long-term debt interest expense relates to the 10% Senior Notes issued May 1999 and the 8% Debentures. For 1999 and 1998, the long-term debt interest expense includes the 10.25% Senior Notes and the 9% Convertible Debentures, both redeemed June 1999. The Company currently has no floating rate long-term debt.

Canadian generally accepted accounting principles required Russel Metals to allocate a portion of the 9% Convertible Debenture interest payment as a dividend distribution. The 9% Convertible Debentures were redeemed in June 1999. In addition, a portion of interest expense was allocated to discontinued operations in 1999 and 1998. The remaining Cashway assets were sold in the first quarter of 2000, and thus no interest has been allocated for 2000.

Russel Metals' ability to meet its debt service and principal repayments remains strong. The coverage ratios set forth below are calculated using EBITDA (earnings before interest, income taxes, depreciation and amortization) and adjusted interest. (See interest table.)

Coverage Ratio

(in thousands of dollars, except ratios)	2000	1999	1998
EBITDA	**$ 80,387**	$ 72,751	$ 87,288
Total adjusted interest	**23,849**	22,228	32,792
Coverage ratio	**3.4x**	3.3x	2.7x

Capital Expenditures – Capital expenditures during 2000 were $13.0 million compared to $17.2 million in 1999. Russel Metals' capital expenditures are mainly related to maintenance capital, the purchase of additional processing equipment across a broad base of the operations and upgrades to its existing facilities and computer systems. A major computer upgrade for Canadian service centers was substantially completed in 1999. As well, other units completed upgrades or conversions to ensure they were Year 2000 compliant. The Company capitalized approximately $7.9 million related to development costs and computer equipment in 1999.

Depreciation expense was $11.9 million for 2000 and $10.0 million for 1999. A large portion of the increase in depreciation is caused by the depreciation of computer systems purchased primarily in 1999. Computer hardware is depreciated over two to four years and computer software and development costs are depreciated over five years.

Liquidity – The Company manages its utilization of cash based on bank borrowings net of cash. In 2000, the cash position was reduced $11.1 million and bank borrowings increased $16.0 million resulting in an overall cash usage of $27.1 million. Cash generated from operations before working capital changes was $54.0 million and proceeds from non-core assets were $42.3 million. Operations also utilized cash of $59.3 million to fund increased working capital, mainly accounts receivable and inventories. In addition, $39.4 million of cash was utilized to purchase 7.1 million common shares under a substantial issuer bid and 2.4 million shares under a normal course issuer bid. The resumption of a common share dividend utilized $5.9 million. Capital expenditures accounted for $13.0 million and $4.5 million was utilized for the purchase of Triumph Tubular & Supply.

On March 6, 2000, the Company divested its remaining assets related to the Cashway business. The Company received $29.4 million of gross proceeds, less $3.6 million in notes and holdbacks due during the next two years, for its long-term receivable, minority equity interest and property and buildings occupied by Cashway stores. The resolution of the dock insurance dispute and the sale of properties held for resale offset by environmental, legal and other costs resulted in additional proceeds of $16.5 million.

Inventory is a major component of the Company's working capital and inventory levels impact liquidity. The inventory turns calculated using cost of sales and ending inventory are as follows:

Inventory Turns

	Quarters Ended				
	Dec. 31, 2000	**Sept. 30, 2000**	**June 30, 2000**	**Mar. 31, 2000**	Dec. 31, 1999
Service center distribution	**4.2**	**4.2**	**4.5**	**4.7**	3.9
Energy sector distribution	**3.6**	**3.2**	**3.3**	**4.8**	4.0
Steel import/export	**5.0**	**4.5**	**4.7**	**5.3**	6.2
Total metals operations	**4.2**	**4.0**	**4.2**	**4.8**	4.4

The Company's inventory turns for 2000 approximate those of 1999. The inventory at December 31, 2000 is $36.5 million higher than December 31, 1999. The service centers inventories were reduced $13.1 million due to proactive actions taken in the last half of 2000 to reduce the inventory position. Inventory levels in the energy sector are up $25.4 million due to increased activity and the acquisition of Triumph Tubular in the year. The import/export inventory increased $24.2 million related to customers delaying receipt of goods due to their current inventory levels and due to lower demand.

The service center inventory turns for the quarter ended December 31, 2000 were 4.2 compared to industry turns estimated to be 3.2 for the three months ended November 30, 2000 as derived from the monthly Business Conditions Report published for the United States by the Steel Service Center Institute. It is a goal of Russel Metals' management to achieve inventory turns at significantly higher levels than the industry norm.

Debt and Credit Facilities – The Company has two long-term debt instruments. The $30 million Subordinated Debentures mature in 2006. The US $125 million Senior Notes mature in 2009. The Senior Notes fluctuate with the exchange rate. At December 31, 2000, the long-term debt balance is $7.1 million higher than December 31, 1999 due to exchange.

During the second quarter of 1999, the Company completed the issue of Senior Notes of US $125 million due June 1, 2009 bearing interest at 10%. The proceeds of this issue plus cash on hand were used to redeem the outstanding 10.25% Senior Notes of US $87.0 million and the outstanding 9% Convertible Debentures of $70.3 million.

Russel Metals has a Bank Credit Facility with a syndicate of Canadian and U.S. banks. The $253.8 million facility may be extended for an additional one year period on each anniversary, with the consent of the banks. Russel Metals has extended the facility to June 19, 2005. Russel Metals is entitled to borrow under this Bank Credit Facility, on a revolving basis, up to an amount equal to the sum of specified percentages of eligible accounts receivable and inventories, to a maximum of $253.8 million. At December 31, 2000, Russel Metals was entitled to borrow $253.8 million. At December 31, 2000, Russel Metals had borrowings of $12.0 million and $9.7 million in letters of credit under this facility compared to no borrowings and $26.3 million in letters of credit at December 31, 1999.

In addition, certain U.S. subsidiaries of Russel Metals have their own one year Bank Credit Facility. The maximum borrowing under this facility is US $35.0 million. At December 31, 2000, these subsidiaries had borrowings of US $8.0 million and letters of credit of US $3.0 million compared to borrowings of US $1.8 million and letters of credit of US $6.9 million at December 31, 1999.

Based on Russel Metals' current financial position and management's estimate of the results of operations prepared for internal planning purposes, Russel Metals believes that it will generate a sufficient amount of cash flow from operations to pay all of its preferred share dividends, interest obligations on its indebtedness, and operating costs as they become due during the next two years.

Income Taxes – The Company adopted the Canadian Institute of Chartered Accountants' new accounting standard for income taxes effective January 1, 2000.

Under the new standard, the tax benefit of operating losses is included on the balance sheet if it is "more likely than not" that they will be utilized. Under the old standard the tax benefit of loss carryforwards was only recorded where recovery was deemed to be "virtually certain." The change in accounting policy resulted in an adjustment to opening retained earnings for net operating losses and timing differences that met this new criteria. The Company has made an adjustment increasing retained earnings by $18.7 million, which re-established a portion of the income tax balances previously written off in 1996.

As a result of this adjustment, the Company is required to provide for income tax expense on both Canadian and U.S. earnings in 2000. Any changes in the currently enacted income tax rates at the balance sheet date are adjusted through the income statement in the period enacted, including any adjustments for future income tax assets and liabilities.

The impact of the reduction in the Canadian Federal income tax rate was recorded in 2000 as required by this new standard. This federal tax adjustment, which decreases the tax benefits and liabilities anticipated to be utilized in 2001 and beyond due to lower tax rates, resulted in the 2000 effective income tax rate increasing from 42.6% to 43.5%. The impact of the reduction in the Ontario Provincial income tax rate did not change the average rate on a combined basis.

Share Capital – The Company believes that reducing its share capital is beneficial to its shareholders. The Company has purchased 13,074,235 common shares totalling $51.9 million during the last two years. During March 2000, the Company completed a dutch auction style substantial issuer bid. On March 31, 2000, the Company paid $30.0 million to purchase 7,143,935 shares at $4.20 per share. Also, during 2000, 2,384,000 shares were purchased at an average cost of $3.83 through the normal course issuer bid. These purchases reduced the shares outstanding from 47,489,547 at December 31, 1999 to 37,981,501 at December 31, 2000. The Company is entitled to purchase an additional 0.5 million shares under the normal course issuer bid, during the remaining period ending on February 23, 2001.

In September 2000, the Company delisted its common shares from the NASDAQ stock market as 99% of the trading in its shares has occurred on the Toronto Stock Exchange. As required under the U.S. Note, the Company will continue to file its financial information with the United States Securities and Exchange Commission.

Outlook – Based on current oil and gas pricing, we expect continued strong results in our energy sector for the first quarter of 2001. The remainder of the year is dependent on the continued strength in pricing for those commodities.

Our service center and import/export operations results for the second half of 2000 were impacted by additional capacity added at North American mills, resulting in excess inventory and correspondent price cutting. The Company believes that these factors will continue to impact its results in these operations in the first half of 2001, but we anticipate a pickup for the balance of the year.

Overall, the Company expects the results for the first half of 2001 to be similar to the second half of 2000; however, it envisions the second half of 2001 will be stronger than the first half.

Management's Report to the Shareholders

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Company. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgements. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial system.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded; that only valid and authorized transactions are executed; and that accurate, timely and comprehensive financial information is prepared.

The Company's Audit Committee is appointed annually by the Board of Directors and is comprised of Directors, all of whom are neither employees nor officers of the Company. The Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by Deloitte & Touche LLP on behalf of the shareholders. Their report outlines the nature of their audits and expresses their opinion on the consolidated financial statements of the Company.

Edward M. Siegel, Jr.
President and Chief Executive Officer

Brian R. Hedges
Executive Vice President and
Chief Financial Officer

Auditors' Report

To the Shareholders of Russel Metals Inc. – We have audited the consolidated balance sheets of Russel Metals Inc. as at December 31, 2000 and 1999 and the consolidated statements of earnings and retained earnings and cash flow for each of the years in the three year period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

With respect to the consolidated financial statements for the year ended December 31, 2000, we conducted our audit in accordance with Canadian generally accepted auditing standards and United States generally accepted auditing standards. With respect to the consolidated financial statements for each of the years in the two year period ended December 31, 1999, we conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Toronto, Ontario
February 1, 2001

Consolidated Balance Sheets

At December 31 ($000)	2000	1999
Assets		
Current		
Cash	$ 8,923	$ 19,968
Accounts receivable	248,296	212,156
Income taxes recoverable	10,735	—
Inventories	290,991	254,527
Prepaid expenses and other assets	4,319	4,581
Current assets – discontinued operations (Note 12)	—	15,439
	563,264	506,671
Fixed		
Property, plant and equipment (Note 4)	97,249	96,265
Property held for resale (Note 12)	1,998	19,941
	99,247	116,206
Other		
Long-term receivables (Note 5)	2,971	10,600
Deferred financing charges	7,613	8,249
Goodwill	7,843	5,066
Future income tax assets (Note 9)	11,292	4,522
Other assets (Note 5)	2,227	5,132
	31,946	33,569
	$ 694,457	$ 656,446

Liabilities and Shareholders' Equity		
Current		
Bank indebtedness (Note 6)	$ 21,234	$ —
Accounts payable and accrued liabilities	192,486	173,415
Income taxes payable	513	552
Current liabilities – discontinued operations (Note 12)	—	8,353
	214,233	182,320
Long-Term Debt (Note 7)	217,525	210,413
Pensions and Benefits (Note 14)	9,143	9,411
Future Income Taxes (Note 9)	5,501	—
	446,402	402,144
Contingencies and Commitments (Note 15)		
Shareholders' Equity		
Preferred shares (Note 10)	30,000	30,000
Shareholders' equity (Note 10)	218,055	224,302
	248,055	254,302
	$ 694,457	$ 656,446

On Behalf of the Board,

Director

Director

Consolidated Statements of Earnings and Retained Earnings

For the years ended December 31 ($000 except per share data)	2000	1999	1998
Revenues	**$ 1,530,978**	$ 1,415,392	$ 1,784,787
Cost of sales and operating expenses	**1,464,836**	1,356,172	1,709,192
Earnings before interest and income taxes	**66,142**	59,220	75,595
Interest expense – net (Note 8)	**23,849**	19,343	27,129
Earnings before income taxes	**42,293**	39,877	48,466
Provision for (recovery of) income taxes (Note 9)	**18,393**	(1,979)	8,333
Net earnings for the year	**23,900**	41,856	40,133
Retained earnings –			
Distributions			
Dividends on preferred shares	**(2,250)**	(2,250)	(2,250)
9% Convertible Debentures (Note 8)	**—**	(2,885)	(5,663)
	(2,250)	(5,135)	(7,913)
Earnings available to common shareholders	**21,650**	36,721	32,220
Dividends on common shares	**(5,854)**	—	—
Amount related to common shares purchased for cancellation	**(8,944)**	(1,097)	—
Retained earnings, beginning of the year	**76,182**	54,862	22,642
Adjustment for income taxes (Note 2)	**18,665**	—	—
Adjustment for pensions and benefits (Note 2)	**—**	(14,304)	—
Retained earnings, end of the year (Note 10)	**$ 101,699**	$ 76,182	$ 54,862
Basic earnings per common share	**$ 0.53**	$ 0.74	$ 0.63

For the years ended December 31 ($000)	2000	1999	1998
Operating activities			
Net earnings for the year	$ 23,900	$ 41,856	$ 40,133
Depreciation and amortization	14,245	12,444	11,693
Future income taxes	15,449	665	742
Loss on sale of fixed assets	455	111	6
Debt redemption costs	—	1,087	—
Cash from operating activities before working capital	54,049	56,163	52,574
Changes in non-cash working capital items			
Accounts receivable	(17,277)	16,653	33,440
Inventories	(28,558)	77,263	(30,021)
Accounts payable and accrued liabilities	(3,802)	(8,872)	(20,897)
Current income taxes	(9,919)	—	—
Other	274	273	(155)
Change in non-cash working capital	(59,282)	85,317	(17,633)
Cash from (used in) operating activities	(5,233)	141,480	34,941
Financing activities			
Issue (purchase) of common shares	(39,444)	(12,481)	114
Dividends on common shares	(5,854)	—	—
Distributions	(2,250)	(5,135)	(7,913)
Increase (decrease) in bank borrowing	15,964	(90,892)	(14,978)
Issue of long-term debt	—	184,050	—
Redemption of long-term debt	—	(198,209)	(37,143)
Deferred financing costs	(577)	(7,070)	(761)
Cash used in financing activities	(32,161)	(129,737)	(60,681)
Investing activities			
Purchase of fixed assets	(13,020)	(17,249)	(11,002)
Proceeds on sale of fixed assets	108	341	3,015
Purchase of business	(4,500)	—	—
Proceeds from non-core assets	42,335	(383)	27,725
Other	1,426	(6,429)	2,402
Cash from (used in) investing activities	26,349	(23,720)	22,140
Decrease in cash from operations	(11,045)	(11,977)	(3,600)
Cash from (used in) discontinued operations (Note 12)	—	(679)	11,024
Increase (decrease) in cash	(11,045)	(12,656)	7,424
Cash position, beginning of the year	19,968	32,624	25,200
Cash position, end of the year	$ 8,923	$ 19,968	$ 32,624

1. Summary of Significant Accounting Policies

a) Principles of consolidation – The consolidated financial statements include the accounts of the Company and its subsidiary companies. All material inter-company balances, transactions and profits have been eliminated.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which in relation to the Company are substantially the same as generally accepted accounting principles as applied in the United States except as disclosed in Note 16.

b) Inventories – Inventories are recorded at the lower of cost and net realizable value. Cost is determined substantially on an average cost basis.

c) Fixed assets and depreciation – Property, plant, equipment and leasehold improvements are recorded at cost. Depreciation is provided at rates that charge the original cost of such assets to operations over their estimated useful lives. The rates used are 20 years for buildings, 10 years for machinery and equipment, 5 years for leasehold improvements and 2 to 5 years for computer equipment. Depreciation expense was $11,863,000 in 2000 (1999 – $9,987,000; 1998 – $8,849,000).

d) Deferred financing charges and amortization – Costs incurred that relate to financing are deferred and amortized over the period of the related financing. Deferred financing charges are recorded at cost less accumulated amortization. Amortization of deferred financing charges was $1,304,000 in 2000 (1999 – $1,382,000; 1998 – $1,674,000).

e) Goodwill and amortization – Goodwill represents the excess purchase price paid on acquisitions over the value assigned to identifiable net assets acquired and is amortized on a straight-line basis over a period not exceeding 20 years or written down when there has been a permanent impairment in value. In assessing whether a permanent impairment has occurred, the Company reviews the adequacy of the expected future rate of return for each investment where goodwill exists. Amortization recorded in 2000 was $1,078,000 (1999 – $1,075,000; 1998 – $1,170,000).

f) Pensions – The cost of pension benefits earned by employees covered under defined benefit plans is determined using the projected unit credit cost method prorated on service and is charged to expense as services are rendered. Aggregate gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the employee groups, using the corridor approach. The cost of post-retirement benefits other than pensions is recognized on an accrual basis over the working lives of employees. The Company adopted the new Canadian accounting standards for employee future benefits effective January 1, 1999 (see Note 2).

g) Income taxes – Effective January 1, 2000, the Company adopted the liability method of income tax allocation (see Note 2). Under this method, future tax assets and liabilities are determined based on differences between financial accounting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Prior to January 1, 2000, the Company used the deferral method of tax allocation. Comparative income tax figures are presented in accordance with the former standard.

h) Foreign currency translation – The accounts of foreign subsidiaries are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the average rate of exchange for the year. The resulting gains or losses are accumulated as a separate component of shareholders' equity.

Exchange gains or losses on the translation of long-term debt denominated in a foreign currency designated as a hedge of the Company's net investment in foreign subsidiaries are included in the separate component in shareholders' equity. Exchange gains or losses on long-term debt denominated in foreign currencies not designated as a hedge are deferred and amortized over the remaining term of the debt.

I) EARNINGS PER SHARE – Basic earnings per common share are calculated using the weighted daily average number of common shares outstanding. The weighted average number of common shares for 2000 was 41,068,870 (1999 – 49,573,917; 1998 – 51,029,103).

J) USE OF ESTIMATES – The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. In particular, discontinued operations and assets held for resale include amounts related to environmental cleanup costs, legal claims and realizable value of assets which represent management's best estimates. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICIES

The Company has adopted the following Canadian accounting standards which in most respects harmonize Canadian accounting standards for these policies with the standards in the United States.

A) Effective January 1, 2000, the Company adopted the liability method of tax allocation for accounting for income taxes as provided under the new Canadian accounting standards. Under the liability method, future tax assets and liabilities are determined based on differences between the financial accounting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company has elected to adopt these standards retroactively without restatement. The cumulative effect of adopting the standard is an increase in net tax assets of $17,767,000, cumulative translation adjustment of $898,000 and retained earnings of $18,665,000.

Prior to January 1, 2000, the Company followed the deferral method of tax allocation in accounting for income taxes.

B) The Company adopted the new Canadian accounting standards for employee future benefits effective January 1, 1999 and elected to adopt retroactively with no restatement. These new standards require accrual accounting for retirement and post-employment benefits and the use of current market rates to estimate the present value of the pension liability. Prior to January 1, 1999, the cost of post-retirement benefits other than pensions, such as health and life insurance benefits for retirees, were charged to earnings when paid. The transitional obligation of $14,304,000 arising out of the application of the new standards has been charged to retained earnings. The effect of the change in the accounting policy is not significant to the earnings in the periods reported.

3. BUSINESS ACQUISITION

Effective September 1, 2000, the Company purchased Triumph Tubular & Supply Ltd., a Calgary, Alberta distributor of oil country tubular goods for $4.5 million cash and assumed bank debt of $5.3 million. Additional amounts under an earnout based on results may be paid over five years and will be incremental to goodwill. The additional amount to be paid to December 31, 2000 is $509,000.

The acquisition was accounted for by the purchase method and is included in the accounts of the Company from the date of acquisition.

Net assets acquired, at assigned value at the acquisition date:

($000)	
Current assets	$ 21,102
Current liabilities	(19,655)
Fixed assets	53
Goodwill	3,000
	4,500
Bank debt assumed	5,270
Total consideration	$ 9,770

4. Property, Plant and Equipment

($000)			2000	1999
	Cost	Accumulated Depreciation	**Net**	Net
Land and buildings	$ 59,032	$ 27,569	**$ 31,463**	$ 31,784
Machinery and equipment	144,090	89,258	**54,832**	53,404
Leasehold improvements	24,830	13,876	**10,954**	11,077
	$ 227,952	$ 130,703	**$ 97,249**	$ 96,265

5. Long-Term Receivables and Other Assets

The long-term receivables consist of interest bearing notes and holdbacks related to divestitures. The balance in long-term receivables at December 31, 2000 of $2,971,000 is due March 6, 2002. The $10,600,000 receivable at December 31, 1999 was included in the Company's divestiture of remaining assets related to the Cashway business on March 6, 2000 (see Note 12). Other assets include loans to officers for the purchase of Company shares in the amount of $226,000.

6. Revolving Credit Facilities

The Company has a Credit Agreement with a syndicate of banks which provides a line of credit to a maximum of $253.8 million, including letters of credit. In October 2000, the Credit Agreement was extended to June 19, 2005. Borrowings under this facility are restricted by certain financial covenants with which the Company was in compliance at December 31, 2000. The obligations of the Company under this Agreement are secured by a pledge of trade accounts receivable and inventories of substantially all of the Company's operations. At December 31, 2000, the Company had borrowings of $12.0 million (1999 – nil) and letters of credit of $9.7 million (1999 – $26.3 million) under this facility.

In addition, certain U.S. subsidiaries of the Company have their own credit facility. The maximum borrowing under this facility is US $35.0 million. At December 31, 2000, these subsidiaries had borrowings of US $8.0 million (1999 – US $1.8 million) and letters of credit of US $3.0 million (1999 – US $6.9 million).

7. LONG-TERM DEBT

($000)	2000	1999
10% Senior Notes (US $125 million) due June 1, 2009	**$ 187,525**	$ 180,413
8% Subordinated Debentures due June 15, 2006	**30,000**	30,000
	$ 217,525	$ 210,413

A) **10% SENIOR NOTES** – On May 26, 1999, the Company completed the issue of Senior Notes of US $125 million due June 2009 bearing interest at 10%. The proceeds of this issue plus cash on hand were used to redeem the outstanding 10.25% Senior Notes of US $87.0 million on June 25, 1999 and the outstanding 9% Convertible Debentures of $70.3 million on June 28, 1999.

US $75.0 million of these are notes of Russel Metals Inc., legal entity, and have been designated as a hedge of the Company's net investment in foreign subsidiaries. The remaining US $50.0 million are notes of RMI USA LLC, a U.S. subsidiary of Russel Metals Inc. The increase in long-term debt of $7.1 million is attributable to the change in foreign exchange rates.

The notes are redeemable, as units, in whole or in part, at the joint option of the Company and the U.S. subsidiary, on or after June 1, 2004 at 105% of the principal amount declining rateably to 100% of the principal amount on or after June 1, 2007. In addition, the notes are also redeemable, in whole, at the option of the Company at any time at 100% of the principal amount in the event of certain changes affecting Canadian withholding taxes.

B) **8% SUBORDINATED DEBENTURES** – The 8% Subordinated Debentures, which are unsecured and mature in June 2006, are redeemable at par subject to certain conditions being met.

8. INTEREST EXPENSE

($000)	2000	1999	1998
Interest on long-term debt	**$ 21,533**	$ 19,077	$ 19,591
Other interest expense	**2,316**	2,215	10,274
	23,849	21,292	29,865
Less portion allocated to discontinued operations	**—**	1,949	2,736
Interest expense continuing operations	**$ 23,849**	$ 19,343	$ 27,129

Total interest paid by the Company in 2000 was $23,654,000 (1999 – $23,750,000; and 1998 – $37,148,000). The 1998 and 1999 amounts include the pre-tax amounts recorded in retained earnings as a distribution for the 9% Convertible Debentures included in equity.

9. Income Taxes

a) The non-current future income tax balances consist of:

($000)	Dec. 31, 2000	Jan. 1, 2000	Dec. 31, 1999
Future income tax assets			
Tax benefits of loss carryforwards	**$ 7,645**	$ 9,775	$ 10,414
Plant and equipment	**6,894**	14,210	7,943
Pensions and benefits	**3,261**	3,479	3,540
Other timing	**413**	2,591	(697)
Unrealized foreign exchange charged to equity	**1,290**	(898)	—
Gross future income tax assets	**19,503**	29,157	21,200
Valuation allowance	**(8,211)**	(9,497)	(16,678)
Total future income tax assets	**11,292**	19,660	4,522
Future income tax liabilities			
Tax benefits of loss carryforwards	**—**	639	—
Plant and equipment	**(5,188)**	(6,267)	—
Other timing	**(313)**	(131)	—
Total future income tax liabilities	**(5,501)**	(5,759)	—
Net future income taxes	**$ 5,791**	$ 13,901	$ 4,522

In the above table, the 1999 comparative income tax figures have been adjusted to remove the current portion of tax benefits of loss carryforwards to conform to the current year presentation.

At January 1, 2000, the Company adopted the Canadian Institute of Chartered Accountants' new standards for Income Taxes. All tax losses that were determined more likely than not to be utilized were recognized on the balance sheet resulting in an increase in net current tax assets of $8.4 million, non-current future income tax balances of $9.4 million and shareholders' equity of $17.8 million.

Prior to 1999, the Company had determined under the previous standard that virtual certainty of realizing all tax benefits within Canada was not present and only balances relating to U.S. assets were recorded on the balance sheet. In 1999, current timing differences related to Canadian earnings were recorded as future tax assets.

b) The Company's effective income tax rate is derived as follows:

	2000	1999	1998
Average combined statutory rate	**43.5%**	45.0%	45.0%
Statutory tax rate changes	**0.9%**	—	—
Large Corporation Tax increase over corporate surtax	**0.6%**	—	—
Rate difference of U.S. companies	**(0.7)%**	—	(1.6)%
Benefit of losses carried forward	**—**	(39.6)%	(21.3)%
Benefit of current year timing differences	**—**	(11.3)%	—
Other	**(0.8)%**	0.9%	(4.9)%
Average effective tax rate	**43.5%**	(5.0)%	17.2%

C) The details of the income tax provision (recovery) are as follows:

($000)	2000	1999	1998
Current provision	**$ 2,944**	$ 2,543	$ 8,333
Future provision (recovery)	**15,089**	(4,522)	—
Statutory rate adjustments	**360**	—	—
	$ 18,393	$ (1,979)	$ 8,333

D) Income taxes paid (recovered) in 2000 were $3,838,000 (1999 – $(2,352,000); 1998 – $7,554,000).

E) The Company has Canadian net operating losses carried forward for tax purposes for which a valuation allowance has been recorded that expire as follows:

($000)	Year of Expiry	Amount
	2001	$ 68
	2002	346
	2003	536
	2004	4,697
	2005	4,069
	2006	2,002
	2007	752

In addition, the Company has recorded a valuation allowance for timing differences of approximately $7.5 million.

10. SHAREHOLDERS' EQUITY

A) The components of shareholders' equity are as follows:

($000)	2000	1999
Common shares	**$ 122,071**	$ 152,571
Retained earnings	**101,699**	76,182
Cumulative translation adjustment	**(5,715)**	(4,451)
	$ 218,055	$ 224,302

B) At December 31, 2000, the authorized share capital of the Company consists of:

(i) an unlimited number of common shares without nominal or par value;

(ii) an unlimited number of Class I preferred shares without nominal or par value, issuable in series; and

(iii) an unlimited number of Class II preferred shares without nominal or par value, issuable in series.

The Company has 1,200,000 cumulative, redeemable Class II preferred shares, Series C with annual cash dividends of $1.875 per share payable in quarterly installments authorized, issued and outstanding as of December 31, 2000 and 1999. This series of Class II preferred shares is non-voting and is redeemable at a price of $25 per share without condition.

The Directors have the authority to issue the Class I and Class II preferred shares in series and fix the designation, rights, privileges and conditions to be attached to each series, except the Class I shares shall be entitled to preference over the Class II shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

c) The number of common shares issued and outstanding at December 31 was as follows:

	Number of Shares		Amount ($000)	
	2000	1999	**2000**	1999
Balance, beginning of the year	**47,489,547**	51,035,847	**$ 152,571**	$ 163,955
Shares purchased – normal course issuer bid	**(2,384,000)**	(3,546,300)	**(7,652)**	(11,384)
– substantial issuer bid	**(7,143,935)**	—	**(22,932)**	—
Stock options exercised	**19,900**	—	**84**	—
Fractional shares bought and cancelled	**(11)**	—	**—**	—
Balance, end of the year	**37,981,501**	47,489,547	**$ 122,071**	$ 152,571

On February 22, 1999, the Company's normal course issuer bid was approved, allowing the Company to purchase its common shares on the open market over a twelve month period. On February 22, 2000, the Company renewed its normal course issuer bid allowing the Company to purchase for cancellation 2.9 million of its common shares prior to February 24, 2001.

On March 6, 2000, the Company issued an offer to purchase for $30 million in cash up to 8 million of its common shares for not more than $4.25 and not less than $3.75, in the form of a dutch auction style substantial issuer bid. On March 31, 2000, the Company purchased 7,143,935 shares pursuant to this bid at $4.20 per share.

The common shares purchased were cancelled.

D) The Company has a shareholder approved share option plan, the purpose of which is to provide the Directors and employees of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company. The number of common shares that may be issued under the share option plan is 4,500,000. The options are exercisable on a cumulative basis to the extent of either 33 1/3% or 20% per year of total options granted, except that under certain specified conditions the options become exercisable immediately. Any consideration paid by employees for purchase of common shares is added to share capital.

The following is a continuity schedule of options outstanding:

	Number of Options		Weighted Average Exercise Price	
	2000	1999	**2000**	1999
Balance, beginning of the year	**1,552,100**	1,294,600	**$ 4.73**	$ 5.64
Granted	**483,000**	381,000	**3.59**	3.50
Exercised	**(19,900)**	—	**4.24**	—
Expired	**(130,600)**	(123,500)	**4.72**	10.47
Balance, end of the year	**1,884,600**	1,552,100	**$ 4.45**	$ 4.73
Exercisable	**1,134,433**	905,200		

The outstanding options at December 31, 2000 have exercise prices ranging from $3.40 to $6.375. These options expire in the years 2001 to 2010 and have a weighted average remaining contractual life of 7.4 years.

11. Financial Instruments

a) **Fair Value** – As at December 31, 2000 and 1999, the estimated fair value of financial assets, liabilities and off balance sheet instruments approximates their carrying values.

The estimated fair value of long-term debt as at December 31, 2000 and 1999 is estimated based on the last quoted trade price, where they exist, or on the current rates available to the Company for similar debt of the same remaining maturities.

Long-term debt ($000)	2000	1999
Carrying amount	$ 217,525	$ 210,413
Fair value	192,877	205,821

b) **Credit Risk** – The Company, in the normal course of business, is exposed to credit risk from its customers. This risk is mitigated by the fact that its customer base is geographically diverse and in different industries. The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this risk by entering into forward contracts with Canadian chartered banks only.

c) **Interest Rate Risk** – The Company is not exposed to significant interest rate risk. The Company's long-term debt is at fixed rates. The Company's bank debt that is used to finance working capital, which is short term in nature, is at floating interest rates.

d) **Foreign Exchange Risk** – The Company uses foreign exchange contracts to manage foreign exchange risk on certain future committed cash outflows. As at December 31, 2000, the Company has outstanding forward foreign exchange contracts in the amounts of US $4.5 million (1999 – US $22.0 million) and DM 0.9 million (1999 – DM 1.2 million).

12. Discontinued Operations

a) On December 19, 1997, the Company divested its transport operations other than Thunder Bay Terminals, a coal handling facility in Thunder Bay, Ontario. Since adopting a plan to divest Thunder Bay Terminals in 1997, the Company has pursued potential purchasers. This remaining operation has not been sold and as of 1999 has been included in continuing operations.

The results of discontinued operations are summarized below:

($000)	2000	1999	1998
Sales and services	$ –	$ –	$ 12,381
Earnings from operations before the following	$ –	$ 1,949	$ 2,736
Interest (Note 8)	–	(1,949)	(2,736)
Net earnings from discontinued operations	$ –	$ –	$ –

b) The net assets of discontinued operations, at estimated realizable value, are comprised as follows:

($000)	2000	1999
Current assets	$ –	$ 15,439
Fixed assets	1,998	19,941
Total assets	1,998	35,380
Current liabilities	–	8,353
Net assets — discontinued operations	$ 1,998	$ 27,027

On March 6, 2000, the Company divested its remaining assets related to the Cashway business. The Company received $29.4 million of gross proceeds, less $3.6 million in notes and holdbacks due during the next two years, for its long-term receivable, minority equity interest and property and buildings occupied by Cashway stores.

The Company also holds short and long-term receivables and other investments totalling $4,612,000 in 2000 (1999 – $14,883,000) which relate to previously discontinued operations.

c) Cash from (used in) discontinued operations is as follows:

($000)	**2000**	1999	1998
Operating activities	**$ –**	$ (7,089)	$ (3,711)
Net investing activities	**–**	6,410	14,735
Cash from (used in) discontinued operations	**$ –**	$ (679)	$ 11,024

13. Segmented Information

The Company conducts business primarily in three metals business segments. The remaining operation, disclosed as other, was formerly included in the discontinued transport segment.

i) Service Center Distribution – The Company's network of service centers carries a full line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. The Company services all major geographic regions of Canada and selected regions in the United States.

ii) Energy Sector Distribution – The Company's energy sector distribution operations carry a more specialized and limited product line than the steel service centers. These operations distribute pipe, tubular products and valves, primarily to the energy sector in Western Canada and the Western United States.

iii) Steel Import/Export – The Company's steel import/export business primarily imports foreign steel products into Canada and the United States for sale to third party steel service centers and other customers.

The Company has segmented its operations on the basis of management reporting and geographic segments in which it operates.

A) RESULTS BY BUSINESS SEGMENT:

($000)	2000	1999	1998
SEGMENT REVENUES			
Service Center Distribution	**$ 804,043**	$ 760,568	$ 875,229
Energy Sector Distribution	**331,383**	274,519	353,424
Steel Import/Export	**385,355**	369,285	556,134
	1,520,781	1,404,372	1,784,787
Other	**10,197**	11,020	—
	$ 1,530,978	$1,415,392	$1,784,787
SEGMENT OPERATING PROFITS			
Service Center Distribution	**$ 36,064**	$ 39,501	$ 45,929
Energy Sector Distribution	**15,317**	7,362	16,401
Steel Import/Export	**20,126**	17,811	22,601
	71,507	64,674	84,931
Other income	**2,876**	3,513	—
Corporate expenses	**(8,241)**	(8,967)	(9,336)
Interest expense	**(23,849)**	(19,343)	(27,129)
Earnings before income taxes	**$ 42,293**	$ 39,877	$ 48,466
IDENTIFIABLE ASSETS			
Service Center Distribution	**$ 297,702**	$ 316,823	$ 322,070
Energy Sector Distribution	**179,384**	124,240	138,426
Steel Import/Export	**144,725**	104,440	168,897
Identifiable assets by segment	**621,811**	545,503	629,393
Assets not included in segments			
Cash	**8,923**	19,968	32,624
Income tax assets	**22,027**	4,522	4,635
Long-term receivables	**2,971**	10,600	10,600
Deferred financing charges	**7,613**	8,249	4,595
Other assets	**2,227**	5,132	9,372
Corporate and other operating assets	**26,887**	27,092	33,306
Discontinued assets	**1,998**	35,380	41,790
Total assets	**$ 694,457**	$ 656,446	$ 766,315

b) Results by Geographic Segment:

($000)	2000	1999	1998
Segment Revenues			
Canada	**$ 1,032,222**	$ 903,295	$ 1,041,973
United States	**488,559**	501,077	742,814
	$ 1,520,781	$ 1,404,372	$ 1,784,787
Segment Operating Profits			
Canada	**$ 64,604**	$ 56,306	$ 60,703
United States	**6,903**	8,368	24,228
	$ 71,507	$ 64,674	$ 84,931
Identifiable Assets			
Canada	**$ 451,583**	$ 390,850	$ 378,969
United States	**170,228**	154,653	250,424
	$ 621,811	$ 545,503	$ 629,393

14. Pensions and Benefits

The Company maintains defined benefit pension plans and defined contribution pension plans in Canada and 401(k) defined contribution pension plans in the United States.

The components for the Company's pension expense include the following:

($000)	2000	1999	1998
Defined benefit plans			
Benefits earned during the year	**$ 1,204**	$ 1,386	$ 1,213
Interest cost on benefit obligation	**3,332**	2,838	2,487
Return on plan assets	**(3,263)**	(2,977)	(2,964)
Other	**(194)**	—	330
	1,079	1,247	1,066
Defined contribution plans			
Paid during the year	**764**	1,020	925
Pension expense	**1,843**	2,267	1,991
Related to discontinued operations	**(316)**	(300)	—
Pension expense – continuing operations	**$ 1,527**	$ 1,967	$ 1,991

The actuarial determinations were based on the following assumptions in each year:

	2000	1999	1998
Assumed discount rate – year end	**7.0%**	7.5%	8.0%
Expected long-term rate of return on plan assets	**7.0%**	7.0%	8.0%
Rate of increase in future compensation	**4.0%**	4.0%	5.0%
Rate of increase in future government benefits	**3.5%**	3.5%	4.0%

The health care cost trend rates used were 5% for dental and 9% (1999 – 10%; 1998 – 11%) graded out for medical, which is reduced 1% per year until 5% and 5% thereafter. A 1% change in trend rates would result in an increase in the accrued benefit obligation for post-retirement benefits of $371,000 or a decrease of $347,000 and an increase in net periodic cost of $28,000 or a decrease of $26,000.

The following information pertains to the Company's defined benefit pension and other benefit plans, excluding those which are in the process of being wound up.

	Pension Plans		Other Benefit Plans	
($000)	**2000**	1999	**2000**	1999
Reconciliation of accrued benefit obligation				
Balance, beginning of the year	**$ 41,958**	$ 41,531	**$ 4,976**	$ 5,893
Current service cost	**1,612**	1,794	**33**	48
Interest cost	**3,332**	2,838	**366**	347
Benefits paid	**(2,396)**	(3,949)	**(214)**	(265)
Actuarial loss (gain)	**5,325**	(256)	**136**	(1,047)
Balance, end of the year	**$ 49,831**	$ 41,958	**$ 5,297**	$ 4,976
Reconciliation of fair value of plan assets				
Balance, beginning of the year	**$ 46,861**	$ 43,218	**$ —**	$ —
Actual return of plan assets	**2,453**	5,056	**—**	—
Employer contributions	**1,498**	2,128	**214**	265
Employee contributions	**408**	408	**—**	—
Benefits paid	**(2,396)**	(3,949)	**(214)**	(265)
Balance, end of the year	**$ 48,824**	$ 46,861	**$ —**	$ —
Unamortized amounts				
Funded status – surplus/(deficit)	**$ (1,007)**	$ 4,903	**$ (5,297)**	$ (4,976)
Unamortized net actuarial gain	**(1,962)**	(8,291)	**(877)**	(1,047)
Accrued benefit liability	**$ (2,969)**	$ (3,388)	**$ (6,174)**	$ (6,023)

As at December 31, 2000, the Company has certain unfunded executive arrangements with an accrued benefit obligation of $4,851,000 (1999 – $4,724,000). As at December 31, 2000, two of the Company's pension plans, included in the previous table, had a projected benefit obligation of $19,527,000, a fair value of plan assets of $19,103,000 and an unfunded obligation of $424,000.

The other benefit plans primarily represent obligations to retired employees of sold or closed businesses. Approximately 4.9% of all active employees are entitled to retirement benefits.

($000)		2000		1999
Defined contribution plans				
Fair value of plan assets				
Canadian Plans	**$**	**216**	$	188
401(k) U.S. Plans		**16,209**		19,284
	$	**16,425**	$	19,472

($000)		2000		1999
Plans in the process of being wound up				
Fair value of plan assets	**$**	**14,702**	$	16,927
Projected benefit obligation		**(189)**		(3,200)
Surplus	**$**	**14,513**	$	13,727

As at December 31, 2000, approximately 47% of all pension plan assets were invested in equities, 31% in fixed income securities, and 22% in cash.

15. Contingencies and Commitments

A) The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these claims cannot be determined, in the opinion of management the resolution of these matters is not expected to have a materially adverse effect on the Company's financial position, cash flows or operations since a provision for these claims has already been recorded.

B) The Company and its subsidiary companies have operating lease commitments, with varying terms, requiring approximate annual payments as follows: 2001 – $8,616,000; 2002 – $6,751,000; 2003 – $5,773,000; 2004 – $4,450,000; 2005 – $3,603,000; 2006 and beyond – $5,892,000. Rental expense on operating leases were as follows: 2000 – $12,741,000; 1999 – $13,192,000; and 1998 – $12,879,000.

C) The Company is incurring site cleanup and restoration costs related to properties held for resale reported in discontinued operations. Remedial actions are currently underway at several sites. The estimated costs of these cleanups have been provided for in discontinued operations. Additional costs may be incurred at these or other sites, but the amounts have not been quantified at this time.

16. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The following table represents the material differences between Canadian and U.S. Generally Accepted Accounting Principles (GAAP):

($000)	2000	1999	1998
Net earnings for the year under Canadian GAAP	**$ 23,900**	$ 41,856	$ 40,133
Amortization of unrealized exchange loss on long-term debt	**—**	507	858
Unrealized exchange gain (loss) on long-term debt	**—**	767	(1,155)
Distribution on the 9% Convertible Debentures	**—**	(2,885)	(5,663)
Income taxes	**360**	18,665	—
Amortization of transitional obligation	**(561)**	(561)	—
Net earnings according to U.S. GAAP	**23,699**	58,349	34,173
Distributions – U.S. GAAP	**2,250**	2,250	2,250
Net earnings available to common shareholders – U.S. GAAP	**21,449**	56,099	31,923
Other comprehensive income items:			
Change in currency translation adjustment	**(2,554)**	586	(57)
Tax effect of change in currency translation adjustment	**2,188**	(898)	—
Minimum pension liability	**(617)**	—	—
Comprehensive earnings – U.S. GAAP	**$ 20,466**	$ 55,787	$ 31,866
Basic earnings per common share – Canadian GAAP	**$ 0.53**	$ 0.74	$ 0.63
Basic earnings per common share – U.S. GAAP	**$ 0.52**	$ 1.13	$ 0.63

A) The portion of the gain or loss on translation of the Company's U.S. currency denominated debt, which is not used to hedge the Company's net investment in U.S. subsidiaries was deferred and amortized over the remaining life of the debt. Under U.S. GAAP, the gain or loss on translation is included in income when it arises. In 2000, the entire U.S. denominated debt was designated as a hedge.

B) The 9% Convertible Debentures, redeemed in June 1999, were split between long-term debt and shareholders' equity. Under U.S. GAAP, the debenture would have been treated as a debt instrument. Interest expense recorded as a distribution from retained earnings would have been included in net income.

C) Effective January 1, 2000, the Company adopted the new Canadian accounting standards for accounting for income taxes. Prior to January 1, 2000, the Company followed the deferral method of tax allocation in accounting for income taxes. Under U.S. GAAP, the Company was required to account for future income taxes using the liability method whereby future tax assets and liabilities are measured at currently enacted tax rates and valuation allowances are required when it is "more likely than not" that portions of the future tax assets will not be realized. Prior to 1999, the valuation allowance was equal to the future tax asset since the probability of realization was not more likely than not. During 1999, the more likely than not standard was met on certain future tax assets resulting in a realization of prior year taxes of $18.7 million. Canadian standards require an adjustment to income when changes in income tax rates have been substantively enacted. This proposed change in income tax rates has resulted in a charge to income of $360,000 for the year ended December 31, 2000. As at December 31, 2000, this tax rate change has not been enacted as required by U.S. standards.

D) Statement of Financial Accounting Standards No. 87, Employer's Accounting for Pensions, requires that the transitional obligation be amortized over the expected average service lives of the employee group rather than charged to retained earnings immediately as allowed under the Canadian standards. In addition, the U.S. standard requires the recognition of an additional minimum pension liability. One of the Company's plans has a minimum liability which has been charged to other comprehensive income under U.S. GAAP.

E) Other comprehensive income also includes changes in the cumulative translation account and the taxes thereon. This account represents a reduction in the Company's shareholders' equity and represents unrealized translation adjustments, which arise on the translation to Canadian dollars of foreign denominated assets and liabilities.

F) Allowance for doubtful accounts for the Company's operations at December 31, 2000 and 1999 was $2,531,000 and $3,551,000, respectively.

G) In June 1998, the Financial Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 2000, the FASB issued SFAS No. 138, which amends certain provisions of SFAS 133 to clarify four areas causing difficulties in implementation. The Company will adopt SFAS 133 and the corresponding amendments under SFAS 138 on January 1, 2001. SFAS 133, as amended by SFAS 138, is not expected to have a material impact on the Company's consolidated results of operations, financial position or cash flows.

H) Statement of Financial Accounting Standard No. 123 (SFAS No. 123), Accounting for Stock-based Compensation, establishes standards for accounting and reporting stock-based employee compensation plans and transactions to acquire goods or services from non-employees. As permitted by this statement, the Company has elected to continue to follow the value-based method of accounting for stock-based compensation arrangements, as provided for in Accounting Principles Board Opinion No. 25.

Pro forma net earnings and earnings per share, as calculated under SFAS No. 123, are as follows:

	2000	1999	1998
Net earnings – U.S. GAAP ($000)	**$ 22,661**	$ 57,347	$ 33,372
Basic earnings per common share – U.S. GAAP	**$ 0.50**	$ 1.11	$ 0.61

The Black Scholes option-pricing model assumptions used to compute compensation expense under SFAS No. 123 are as follows:

	2000	1999	1998
Dividend yield	**5.0%**	—	—
Expected volatility	**47.5%**	48.9%	68.7%
Expected life	**10 yrs**	10 yrs	10 yrs
Risk free rate of return	**5.0%**	5.0%	5.0%
Weighted average fair value of options granted	**$ 1.19**	$ 2.33	$ 4.07

i) Under U.S. GAAP, shareholders' equity is $225,087,000 (1999 – $249,919,000).

2000

(Unaudited)	Three Months Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues ($000)	**$ 401,004**	**$ 383,590**	**$ 371,978**	**$ 374,406**	**$1,530,978**
Earnings before interest and taxes ($000)	**23,969**	**16,017**	**12,422**	**13,734**	**66,142**
Earnings before taxes ($000)	**18,528**	**10,095**	**6,361**	**7,309**	**42,293**
Net earnings ($000)	**10,648**	**5,946**	**3,507**	**3,799**	**23,900**
Basic earnings per common share	**$ 0.21**	**$ 0.14**	**$ 0.08**	**$ 0.09**	**$ 0.53**
Market price of common shares					
High	**$ 4.20**	**$ 4.95**	**$ 4.15**	**$ 3.85**	**$ 4.95**
Low	**$ 3.40**	**$ 3.75**	**$ 3.77**	**$ 2.75**	**$ 2.75**
Number of common shares traded	**5,361,649**	**2,177,764**	**2,507,441**	**3,599,429**	**13,646,283**

1999

(Unaudited)	Three Months Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues ($000)	$ 362,123	$ 347,684	$ 352,880	$ 352,705	$1,415,392
Earnings before interest and taxes ($000)	12,296	12,234	13,529	21,161	59,220
Earnings before taxes ($000)	7,492	7,931	8,001	16,453	39,877
Net earnings ($000)	6,949	6,990	7,676	20,241	41,856
Basic earnings per common share	$ 0.10	$ 0.10	$ 0.14	$ 0.41	$ 0.74
Market price of common shares					
High	$ 3.60	$ 4.40	$ 4.09	$ 4.25	$ 4.40
Low	$ 3.15	$ 3.25	$ 3.05	$ 2.50	$ 2.50
Number of common shares traded	3,229,776	2,521,357	2,876,215	3,544,714	12,172,062

THE MEMBERS OF THE BOARD OF DIRECTORS ARE:

CARL R. FIORA
Corporate Director,
steel industry executive

MARTIN H. FREEDMAN, Q.C.
Partner, Aikins, MacAulay &
Thorvaldson
Barristers & Solicitors

ANTHONY F. GRIFFITHS
Corporate Director,
Chairman of the Board,
Russel Metals Inc.

ROBBERT HARTOG
President
Robhar Investments Ltd.

LISE LACHAPELLE
President and Chief Executive Officer
Forest Products Association
of Canada

JOHN W. ROBINSON
Corporate Director,
steel industry executive

EDWARD M. SIEGEL, JR.
President and
Chief Executive Officer
Russel Metals Inc.

ARNI C. THORSTEINSON
President
Shelter Canadian Properties
Limited

RUSSEL METALS' BOARD OF DIRECTORS places high value on the responsible fulfillment of its duties to the Company and its shareholders. The Board has considered and modified, where changes have been identified, its corporate governance practices in light of the guidelines set out in the 1994 Toronto Stock Exchange Committee on Corporate Governance and current advances in Corporate Governance and is satisfied it operates effectively and independently of management.

MANDATE OF THE BOARD The Board's mandate is to supervise the management of the business and affairs of the Company. Through the Board's stewardship of the Company, the goal is to enhance long-term value for the shareholders. The Board discharges its responsibility by delegating to management responsibility for day-to-day operations of the business, by monitoring the Company's performance and by considering and approving the Company's strategic direction. The Board has implemented a number of practices to promote effective governance, including a written job description for the CEO, an annual written questionnaire to all directors and at least two annual Board meetings where management is not present for portions of the meeting.

COMPOSITION OF THE BOARD The Directors bring to the Company a balance of industry and operational expertise as well as backgrounds in other areas which the Board believes are of benefit. The Board has concluded that all of the Directors of the Company, other than Mr. Siegel, are unrelated within the meaning of the Toronto Stock Exchange Guidelines.

COMMITTEES OF THE BOARD The Board delegates certain of its functions to four committees of the Board to facilitate more detailed consideration of certain issues. Each of the committees is comprised entirely of unrelated directors.

AUDIT COMMITTEE The Audit Committee reviews the Company's financial statements, monitors internal control procedures and meets regularly with the external auditors. The members are: M.H. Freedman, R. Hartog, L. Lachapelle (chair), and J.W. Robinson.

CORPORATE GOVERNANCE COMMITTEE The Corporate Governance Committee develops comprehensive written mandates for each of the Board committees, monitors and evaluates the corporate governance system, recommends candidates for election to the Board and serves as a forum for concerns of directors which may not be appropriate for discussion in full Board meetings. The members are: C.R. Fiora, A.F. Griffiths (chair), L. Lachapelle and A.C. Thorsteinson.

MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE The Management Resources and Compensation Committee reviews compensation policies for the Company's executive officers and is responsible for succession planning for the most senior members of management. The members are: C.R. Fiora, A.F. Griffiths, R. Hartog, and A.C. Thorsteinson (chair).

ENVIRONMENTAL MANAGEMENT AND HEALTH & SAFETY COMMITTEE The Company has established an Environmental Management and Health & Safety Committee for the purpose of reviewing compliance policies and procedures in accordance with legislative and regulatory requirements with regard to Environmental and Health and Safety issues. The members are: C.R. Fiora (chair), M.H. Freedman and J.W. Robinson.

Additional information about the Company's governance practices may be found in the Management Proxy Circular.

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Chairman of the Board
Toronto

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President and Chief Executive Officer
Mississauga

BRIAN R. HEDGES
Executive Vice President and
Chief Financial Officer
Mississauga

ROBERT R. M. YOUNG
Executive Vice President
Tulsa

MARION E. BRITTON
Vice President, Controller and
Assistant Secretary
Mississauga

ELAINE G. HILLIS
Assistant Secretary
Mississauga

WILLIAM M. O'REILLY
Secretary
Davies Ward Phillips & Vineberg, LLP
Toronto

METAL OPERATIONS SERVICE CENTERS

Operating under the name RUSSEL METALS, unless otherwise noted below

CANADA

BRITISH COLUMBIA

New Westminster (Vancouver)
1031 Cliveden Ave., V3M 5V1
Tel: (604) 520-6111

Campbell River
1893 Coulter Road, V9W 6H7
Tel: (250) 287-8533

Fort St. John
Mile 49 - Y2 Alaska Highway, V1J 4M6
Tel: (250) 785-5641

Kamloops
707C East Sarcee Street, V2H 1E6
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Kitimat
815 Enterprise Avenue, V8C 2P1
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Nanaimo
2555 McCullough Road, V9S 4M9
Tel: (250) 758-2454

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9242 Milwaukee Way, V2N 2K8
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ALBERTA

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5724 - 40th Street S.E., T2C 2A1
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Edmonton
7016 - 99th Street, T6E 4T2
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Russel Drilling & Industrial Supply
3751 - 69th Avenue, T6B 3G4
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Grande Prairie
11035 - 89th Avenue, T8V 5B9
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Russel Drilling & Industrial Supply
475 - 1st Avenue East, S4N 4Z3
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Saskatoon
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Drummond McCall
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Mississauga (Toronto)
1900 Minnesota Court,
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Tel: (905) 819-7777

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Milspec Industries
5036 South Service Road, L7L 5Y7
(Specializing in strapping)
Tel: (905) 333-0646

Cambridge
Vantage Laser Cutting
1600 Industrial Road, Unit #10
N3H 4W5
Tel: (519) 653-1588

Hamilton
175 Shaw Street, L8N 3S2
(Specializing in non-ferrous)
Tel: (905) 522-5930

B&T Steel
400 Gage Ave. North, L8L 7B2
(Specializing in flatrolled)
Tel: (905) 544-6866

Kingston
191 Dalton Avenue, K7K 6C2
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685 Hale Street, N5W 1J1
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8725 Holgate Crescent, L9T 2X7
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Tel: (905) 875-1447

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3101 Hawthorne Road, K1G 3V8
Tel: (613) 247-7700

Stoney Creek
11 Commerce Court, L8E 4G3
(Specializing in chain)
Tel: (905) 643-2001

McCabe Steel
687 Arvin Ave., L8E 5R2
Tel: (905) 643-8284

Thunder Bay
Drummond McCall
620 Norah Crescent, P7C 5V8
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Tel: (506) 859-4485

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1034 Gemini Road, 55121

Baldwin International
Solon, Ohio
30403 Bruce Industrial Parkway 44139
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Ecorse, Michigan
4111 - 12th Street, 48229
Tel: (313) 928-7171

ENERGY

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Edmonton, Alberta
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Stonewall, Manitoba
116 - 4th Street East, R0C 2Z0 Canada
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Guelph, Ontario
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Tel: (519) 763-1114

Sarnia, Ontario
1018 Gladwish Drive North
N7T 7H3 Canada
Tel: (519) 332-6666

Dollard des Ormeaux, Quebec
65 Brunswick Ave., Suite #106
J6W 5H9 Canada
Tel: (514) 421-2455

Fedmet Tubulars
700 - 9th Avenue S.W., Ste 2200
Calgary, Alberta, T2P 3V4 Canada
Tel: (403) 237-0955

Triumph Tubular & Supply
441 - 5th Avenue S.W., Ste 875
Calgary, Alberta, T2P 2V1 Canada
Tel: (403) 262-3777

Pioneer Pipe
Denver, Colorado
1660 Lincoln Street, Ste 2300
80264 U.S.A.
Tel: (303) 289-3201

Lindon, Utah (Provo)
1610 West 200 South, 84042 U.S.A.
Tel: (801) 224-8739

Houston, Texas
2203 Timberlock Place
Ste 125 I.
The Woodlands, 77380 U.S.A.
Tel: (281) 292-2875

Total Distributors
Sand Springs, Oklahoma
900 East Pecan, 74063-0517 U.S.A.
Tel: (918) 245-5100

Houston, Texas
5900 Brittmoore Road, 77041 U.S.A.
Tel: (713) 896-9311

IMPORT/EXPORT

Wirth Steel
Montreal, Quebec
1 Westmount Square, Ste 200
H3Z 2P9 Canada
Tel: (514) 939-5555

Burnaby, British Columbia,
4603 Kingsway, Ste 308
V5H 4M4 Canada
Tel: (604) 436-1741

Sunbelt Group
Houston, Texas
Sunbelt Group
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77056-3813 U.S.A.
Tel: (713) 840-0550

Continental Wood Trading
1990 Post Oak Blvd., Ste 1550
77056 U.S.A.
Tel: (713) 629-1701

Tampa, Florida
Sunbelt Trading (Southeast)
14497 N. Dale Mabry Ste 160
33618 U.S.A.
Tel: (813) 963-2880

Overland Park, Kansas
Sunbelt Trading (Kansas)
7300 W, 110th Street, Ste 660
66210 U.S.A.
Tel: (913) 491-6660

OTHER

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